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The Daily Star BUSINESS

DHAKA, FRIDAY, SEPTEMBER 25, 1998

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Chinese central bank cuts staff by 28 pc

BEIJING, Sept 24: As part of sweeping overhaul of government bureaucracy announced this spring, the central bank has slashed the senior staff at its headquarters by 28 per cent, a bank official said Thursday, says AP.

The Beijing-based People's Bank of China reduced the number of its departments and offices to 112 from 138 in August. Only 189 senior staff were reappointed to their positions — a 28 per cent decline, said the official, speaking on condition of anonymity.

Those laid off can continue studies at universities or to attend retraining programmes, the official said.

The ambitious plan of cutting the bureaucracy by as much as half was aimed at reducing government inefficiency and waste, and at ending official interference in business. According to most reports, the reform has progressed slowly, due to resistance within the bureaucracy.

The China Economic Times, a newspaper associated with the State Council, or Cabinet, reported that the central bank acted to reduce bureaucratic overlap. Departments that supervised the domestic currency, foreign currency, currency spots and non-currency spots, for example, have been combined into a single department, while some others have been eliminated.

New FedEx MD for Middle East operations

Federal Express Corporation (FedEx) announces the appointment of Jayne Austin Price as Managing Director of Operations for the Middle East and Sub-Saharan Africa, says a release.

Based at the new FedEx Middle East consolidated facility, she is responsible for the smooth movement of customer shipments into and out of Dubai on FedEx aircraft and other airlines. She also manages FedEx operations in its direct-serve markets of the UAE, Bahrain and Kuwait, and sixteen other Middle East countries where FedEx is represented by local agents.

Jayne Austin Price believes there is significant opportunity of FedEx in the region especially in strategically important markets like Egypt, Saudi Arabia and Pakistan.

Jayne Austin Price has been with FedEx for 11 years and before coming to Dubai she served as its Senior Manager (Sales UK and Ireland). She replaces Hamdi Osman, who has been promoted to FedEx Vice President, Middle East and Indian subcontinent. "Working in Europe with its many markets and diverse cultures was an excellent experience which has already proved valuable in the Middle East," she said.

Emirates strikes \$117.3m financing deal for B777

Emirates has recently signed a \$117.3 million US dollars financing agreement for the acquisition of the eight Boeing 777 aircraft to join its fleet. The aircraft, a Boeing 777-200 (IGW), is scheduled for delivery next month, says a press release.

The financing is structured as a 10-year finance lease with equity arranged by Citibank N A while the debt has been arranged by HSBC Investment Bank Asia Ltd. The lending banks are National Bank of Dubai Ltd., The Hong Kong and Shanghai Banking Corporation Limited, Commerzbank (Nederland) N V, Arab Bank plc, British Arab Commercial Bank plc and Hamburgische Landesbank.

Gary Chapman, Emirates' Chief Director Group Services, signed the financing documents with Brian Jeffrey, Aircraft Finance Director, HSBC Investment Bank Asia Ltd. Anup Lakhani, Vice President, Citibank N A, B Padmanabhan, Regional Credit Manager, The British Bank, Abdulshakor Hussain Tahlak and Abdullah Sultan Al Owais, Commercial Managers, The National Bank of Dubai Limited; and Mr Fath Skalk, Senior Manager, Arab Bank plc.

Emirates has taken delivery of all seven Boeing 777s in October 1997. The order for another two Boeing 777s was confirmed in August 1997.

This month (September), Emirates signed an agreement with the Singapore Aircraft Leasing Enterprise for two Boeing 777-300s on operating leases. These aircraft will join the fleet at the end of 1999, giving Emirates a total of 11 Boeing 777s by then.

In addition, Emirates also confirmed the order of six firm A340-500 with another 10 on option, in a deal worth 2.4 billion US dollars. Emirates also confirmed the order of a 17th A330-200.

Emirates now flies to 45 destinations in 37 countries and is the winner of more than 160 international awards that include two Airline of the Year titles (1998 and 1994 by readers of UK's Executive Travel).

'Implementation hinges on bureaucratic tangles'

IFC provides \$227.32m to 16 pvt projects in Bangladesh since '96

International Finance Corporation (IFC), the private sector financing arm of the World Bank, has provided 227.32 million US dollars to 16 private projects in Bangladesh since 1996, reports UNB.

IFC is quite open for more projects, mainly in power, gas exploration and port development, said Rashad Kaldany, the IFC director for South and South-East Asia, while releasing the 1998 IFC Annual Report here today.

IFC country coordinator Hafeezuddin Ahmed was present.

Kaldany said some of the IFC financed projects are facing bureaucratic delays and hoped that the government will help get those projects moving.

Although Bangladesh inti-

ated trade liberalisation in early '90s, the IFC set up its office in Dhaka in 1995 when the private sector's role in the country's economy was increasing.

The visiting IFC director, impressed by the implementation of some of its projects, sees a better future of Bangladesh economy.

"We're optimistic of development in Bangladesh in the foreseeable future," he said.

The barge-mounted power plant in Khulna is one of the major IFC projects in Bangladesh that has been commissioned recently, Kaldany pointed out.

The 45 million US dollars Lafarge Surma Cement Limited and 22.5 million dollars Grameen Phone are the two other major projects in the country assisted by IFC.

Some 3,500 jobs will be created on completion of the major IFC projects in Bangladesh.

IFC investment increased significantly every year since 1996, placing Bangladesh among the nine countries in which IFC's investment approval exceeded 100 million dollars in '98.

Kaldany said IFC investment in Bangladesh was 15 million dollar in '96, 45 million dollar in '97 and 103 million dollar in '98.

Forty six per cent of the IFC loans goes to infrastructure development like power and telecom, while 25 per cent for cement and construction materials, 12 per cent for financial services, and 7 per cent for mining and extraction of fuel minerals.

Occidental and Unocal are

two recipients of IFC loans for gas exploration.

Responding to a question, Kaldany said the IFC intends to finance textile and other manufacturing sectors, but added: "We don't invest in companies that depend on protection for survival."

About the appeal for soft loans by the flood-hit private industries in Bangladesh, he said IFC works on commercial basis and does not provide any subsidised financing.

IFC will, however, look for supporting companies verifying the risks involved and on case to case basis, he added.

The IFC favours supporting gas-based power plants as they are economic and environment-friendly, Kaldany told a questioner.

He didn't elaborate on which parts were inconsistent. But the

Japan opposition rejects banking reform plan

TOKYO, Sept 24: Japan's largest opposition party rejected the government's latest proposal on banking reform on Thursday, leaving the two camps split despite pledges to cooperate to resolve the nation's banking crisis, reports AP.

Naoto Kan, leader of the Democratic Party of Japan, said his party would not accept a ruling party plan to use 17 trillion yen (\$124 billion) in public money to protect depositors at banks which must be nationalised.

Kan, speaking later after a meeting of party executives, said parts of the proposal were inconsistent with a "basic agreement" on banking reform reached between the two sides last Friday.

"I would like them to bring something that is based upon our agreement," Kan said. "What is the point of having this meeting if they keep bringing us things that go against the agreement?"

He didn't elaborate on which parts were inconsistent. But the

plan did not specify under what terms the public aid would be provided — terms that the opposition has demanded be accompanied by more stringent disclosure requirements for failed banks.

The repudiation of the plan comes amid intense political jockeying over the details of a vaguely-worded pact reached last week to deal with a banking industry awash in about 1 trillion dollar of bad loans.

Earlier Thursday, Prime Minister Keizo Obuchi, just back from discussing Japan's banking woes with US President Bill Clinton, pledged to work out a compromise over the fate of the ailing Long-Term Credit Bank of Japan Ltd.

"It's desirable to deal with it under a new framework," Obuchi said in testimony before Parliament.

The Long-Term Credit Bank rumoured to be on the verge of insolvency, has taken center stage in the standoff with the opposition over broader bank reform.

Hanoi to readjust economic targets amid regional crisis

HANOI, Sept 24: Vietnam will again lower its economic targets for next year as the regional economic crisis takes its toll, the Communist Party newspaper Nhan Dan reported Wednesday, reports AP.

New targets should be finalized by October when the next session of the National Assembly convenes, said an economist who spoke on condition of anonymity.

"Our economic growth is slowing down. Many set economic targets are not being met and there are also unresolved cultural and social problems," Nhan Dan said.

The previous revision was announced last July after the government lowered the target for gross domestic product growth to between six to seven per cent from nine per cent.

The target for export growth was also lowered to 10 per cent from 27 per cent, while the target for industrial growth dropped from 13.5 per cent to between 10 and 11 per cent.

Investment from other Southeast Asian countries, Vietnam's major trading partners, has dropped sharply since the regional crisis started over a year ago.

Prime Minister Phan Van Khai urged government ministers and local administrators at a recent monthly meeting to speed up economic reforms and make the best use of domestic resources, Nhan Dan reported.

The national currency, the dong, has lost over 20 per cent of its value since March 1997.

Tokyo stocks up sharply on US rate cut hopes

TOKYO, Sept 24: Japanese stock prices finished sharply higher Thursday on expectations that a possible cut in US interest rates will boost global markets. The US dollar rose against the yen, says AP.

The benchmark 225-issue Nikkei Stock Average surged 415.97 points, or 3.02 per cent, closing the day at 14,205.78 points. On Tuesday, the index gained 192.51 points, or 1.42 per cent.

The dollar bought 136.80 yen in mid-afternoon trading — up 1.66 yen from late Tuesday in Tokyo and also above its late New York level of 135.75 yen overnight.

Financial markets in Tokyo were closed Wednesday for a national holiday.

Traders said stock prices opened higher Thursday as investors were cheered by Federal Reserve Chairman Alan Greenspan's signal that US interest rates may be lowered.

Greenspan testified Wednesday before the Senate Budget Committee that Fed policymakers are fully aware of the widening financial crisis that has spread from Asia to the rest of the world.

That was the clearest indication yet that he will fight the crisis with lower US interest rates. The Fed's policymaking committee meets next Tuesday. Following the comments, the Dow Jones industrial average surged to 8,154 at Wednesday's close, its highest finish in a month. More than half of the 257-point gain came during the final hour of trading.

Among gainers in Tokyo were high technology issues, including Sony and Hitachi, and bank stocks.

The broader Tokyo Stock Price Index of all shares listed on the first session was up 27.84 points, or 2.65 per cent, to 1,078.01. The TOPIC rose 2.38 point, or 0.23 per cent, on Tuesday.

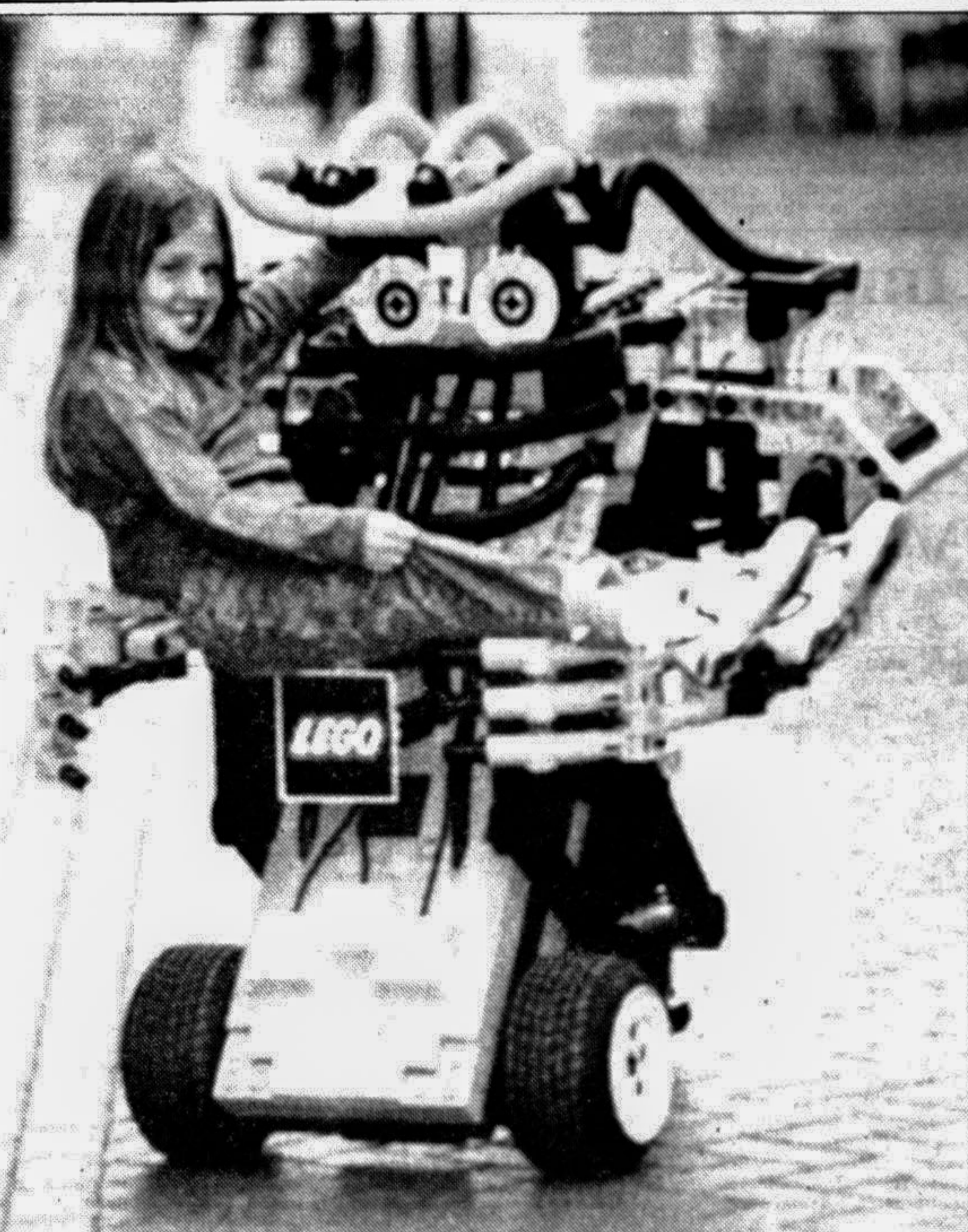
British economic policy challenged again

LONDON, Sept 24: The economic policy of the British government was challenged again Wednesday, as Barratt Developments, the UK's second biggest private house-builder, said that the government was responsible for three major problems currently facing the housing industry, reports Xinhua.

"Firstly, the government's management of the economy, which is seriously undermining consumer confidence, and secondly, the government's negative position on home ownership, especially their lack of support for first-time buyers," the company's Chairman, Frank Eaton, was quoted by a BBC report as saying.

Thirdly, the government has failed to implement a land availability policy to meet UK housing needs." Earlier this month, another house-builder, Redrow attacked planning delays, saying they appeared to be "little political will" at central and government-level to address a UK housing shortage.

However, Barratt announced a 33 per cent jump in pre tax profits in the six months to June to make a record 93.3 million pounds (152 million US dollars).



Crusher, from Lego's Cybermaster programmable robot range carries tourist Torrie Moss, aged 7, from Denver, Colorado, down London's Regent Street, Wednesday during a photocall for this year's Christmas toys at Hamleys store. Hamleys said it was the first time ever such a system had been on sale. — AP/UNB photo

Economy showing positive signs of recovery, says Mahathir

KUALA LUMPUR, Sept 24: Malaysia's economy is showing positive signs of recovery, Malaysian Prime Minister Mahathir Mohamad said yesterday, reports Xinhua.

This is evident from the fact that the country's foreign reserves have improved significantly since currency exchange controls were implemented on September 1, 1998, Mahathir, who is also first finance minister, said when addressing Chinese community leaders at his office here.

"I think the signs of recovery are already there. In the first three weeks of this month, after

currency exchange controls were implemented, the country's reserves have gone up by 90 million US dollars," he said.

Ringgit (local currency) has begun to flow back into the financial system following the exchange controls which have also stemmed the outflow of the ringgit abroad, he said, "now the money comes in and does not go out."

A lot of savings have gone into the country's reserves, as a result of the new measures, he said.

Goods are exported and sold in US dollars and that the greenback earned is then used

to buy goods, he said, "we are now exporting more than we are importing as such we have lots of savings that have gone into the country's foreign exchange reserves."

Mahathir said Malaysia was more fortunate when compared with its neighbours because the government did not borrow too much money from outside the country.

"We were very strong economically, the government and the business community in Malaysia did not have to borrow too much money from abroad," he added.

Little hope for rapid Asian recovery?

GENEVA, (Switzerland), Sept 24: Bankers and economists at a business symposium on Wednesday held out little hope for any rapid recovery for troubled Asian economies and said the impact on other countries may be worse than expected, reports Reuters.

"I think we're going to see a deep recession in Asia for five years or so, we're going from bad to worse," said Steve Hanke, professor of Applied Economics at Johns Hopkins University in the United States.

Hanke, a former economic advisor to Indonesia's ex-President Suharto, also said that in his view the duration of the

slump in Asia was dependent on the length of the economic depression in Japan.

But he suggested there was little hope that Japan would come up with any rapid solutions to its economic problems. The whole reason I'm so pessimistic is because I know that Japan isn't doing any place," Hanke said during a panel discussion at the gathering, organised by the Paris-based International Chamber of Commerce.

Bankers, business leaders speaking on panels during the day agreed that more transparency and regulatory cooper-

ation was needed on a world-wide basis to keep pace with what is rapidly becoming a borderless economy.

"What is lacking is the appropriate international architecture to manage this complex reality," World Trade Organisation Director General Renato Ruggiero said in a speech.

Several speakers also predicted that the impact of Asia's financial troubles on major economies such as the United States and the European Union would be more severe than many now believed.

Enskilda Banken, said the US and Europe were still likely to experience what he called reasonable growth rates.

But he also believed that economic downturn in these countries would be worse than currently expected. "I am quite convinced that we will see a significant number of profit warnings on companies working in the Far East," Wallenberg said.

"My bet is that we're going to see an economic downturn that is stronger than what is anticipated," he said when asked for his views about Asia's impact on the US and European economies.

Govt strives to fill void in the sky PAL wraps up business following shutdown

MANILA, Sept 24: Debt-laden Philippine Airlines began winding up its business Thursday, as the government struggled to fill the void in air services its closure would leave, reports AP.

Asia's oldest airline closed at midnight's currency crisis.

PAL is the largest Philippine company to fail since Asia's currency crisis, which hit just as the airline was launching a four billion expansion and re-fleeting plan.

Its closure will have minimal impact on the economy, Finance Secretary Eduardo Espiritu said, adding the government could rely on government-owned aircraft and air force planes to move vital cargo like cash, documents, medicine.

President Joseph Estrada said the government will be able to have 11 aircraft servicing some routes to be left by PAL in three days.

Central Bank Gov. Gabriel Singson, a PAL director, said the airline owes about 2.1 billion dollars to foreign and local creditors, but they could still not collect because of a temporary prohibition imposed by Manila's Securities and Exchange Commission.

The SEC was attempting to rehabilitate the financially troubled carrier until it shut down.

Philippine officials said they were meeting with owners of local domestic airlines to help the carriers immediately expand their fleet and ease the void in air services left by PAL. The airline had a 50 per cent share of domestic passenger traffic, down from 75 per cent before a pilots' strike in June.

Cebu Pacific Air general manager Diego Garrido said his company has increased its daily domestic flights to almost 50 from 38 to take up the slack left by PAL.

The other alternatives for travel among the country's is-

lands is slow, often-unreliable ocean ferries. Last Friday, a ferry carrying 454 people sank in storm-whipped waters south of Manila, killing at least 46 people.

Hours before its scheduled midnight closure, PAL resumed talks with its ground workers' union. But after several hours of negotiations, PAL said it could not accept the union's conditions.

"It is unfortunate that no agreement was reached," said PAL executive vice president Manolo Aquino. "Therefore it is with a sad note that we announce the closure of Philippine Airlines."

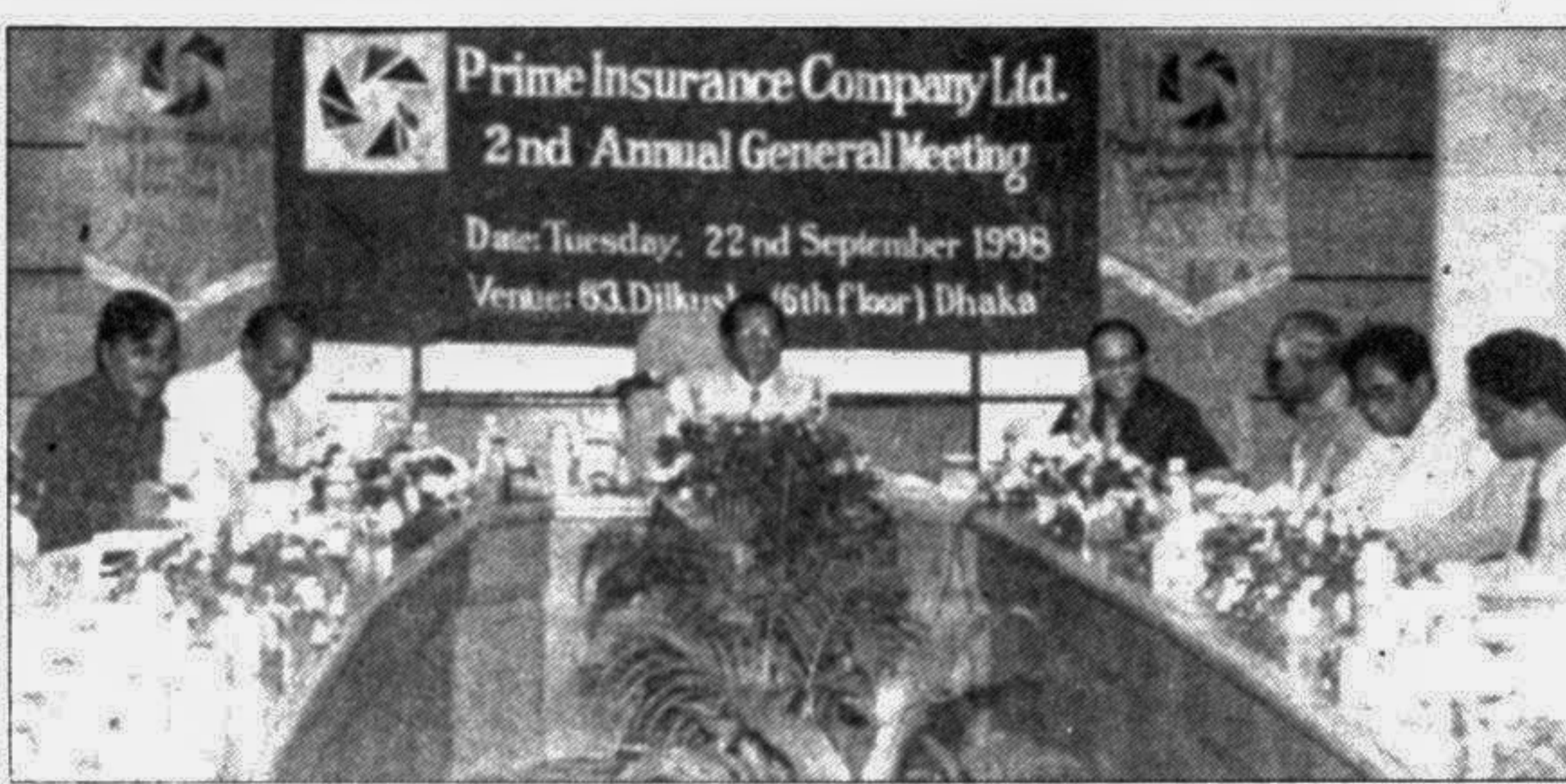
PAL's demise saddened many Filipinos. Several television stations broadcast poignant scenes Wednesday from its 57-year history. At PAL offices around the country, airline workers held masses and prayer rallies hoping for a way to avoid the flag carrier's closure.

PAL was founded on Feb. 26, 1941, by a group of businessmen who wanted to profit from a gold mining boom in the northern Philippines.

Second AGM of Prime Insurance Co held

Star Business Report
The 2nd Annual General Meeting (AGM) of Prime Insurance Company Limited was held on Tuesday at the board room of the company, says a press release issued in city yesterday.

The Meeting was presided over by Manzoor ul Karim, the Chairman of the Company, M A Shah, Managing Director, S R Chowdhury, Deputy Managing Director, and M A Khaleque, Executive Director, attended.



Chairman of Prime Insurance Company Ltd Manzoor ul Karim presides over the 2nd AGM of the company at its board room Tuesday. —Prime Insurance photo

China reassures it won't devalue currency

BEIJING, Sept 24: China yesterday repeated assurances that it would not devalue its currency, the yuan, says AFP.

"A depreciation of the yuan can hardly help China's exports," State Development Planning Minister Zeng Peiyuan told a news conference on the state of the economy.

"On the contrary, it may have negative effects on the country's economic development," he said.

Zeng said a yuan devaluation would not only harm investor confidence. But could

also spark a renewed round of currency devaluations in the region, and put pressure on the Hong Kong dollar's link to the US dollar.

"The Chinese government has confidence in maintaining a stable yuan," he said.

The yuan is not fully convertible, and it is fixed at around 8.28 to the dollar by the government. Beijing has held the currency firm despite sharp currency slides among competing exporter nations during the Asian financial crisis last year.