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The Daily Star BUSINESS

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Russian inflation may reach 210pc in December

MOSCOW, Oct 3: Annual inflation in Russia could reach 210 per cent in December if the rouble falls to 20 roubles to the dollar and 230 per cent if the rouble weakens to 28. Echo Moskvy radio said yesterday, citing a finance ministry report, says Reuters.

The radio station said the forecasts were made in a finance ministry note added to a draft of a budget for the fourth quarter of 1998 which it said it had obtained.

The document urged the government and central bank to direct their efforts toward curbing inflation, saying the "need to index wages, pensions and benefits could cause an imbalance in the budget and spark spiraling inflation." Echo Moskvy reported.

The finance ministry calculated that at 20 roubles to the dollar, Russia's 1998 GDP would amount to 2.92 trillion roubles (146 billion dollars) while at 28 roubles it would be 2.98 trillion roubles, worth 106 billion dollars.

The rouble has been relatively stable recently, about 15/16 to the dollar in interbank trade after fluctuating wildly for several weeks following a de facto devaluation on August 17.

The central bank on Friday set its official rate for the weekend and Monday at 15.9923, based on the results of trade on the Moscow interbank currency exchange.

Indian villagers step on info superhighway

NEW DELHI, Oct 3: Her awestruck face hidden behind a colourful veil, an illiterate woman stepped in front of a computer screen in a remote Indian rural district, says AP.

Chameli Devi blushed with amazement in the small public telephone office in Jaunpur town Friday when she saw and heard a message from her husband, Ram Singh, who had recorded it earlier from a similar phone booth in Bombay 1,240 kilometers (770 miles) away.

The couple inaugurated the world's first commercial video e-mail, a facility developed by the National Association of Software and Service Companies, that will eventually enable millions of poor, illiterate people to communicate cheaply, said Dewang Mehta, NASSCOM's executive director.

"We are stepping into a revolution, this has not been tried anywhere in the world," Mehta told The Associated Press Saturday.

For 15 rupees (35 cents) for a three-minute message, the facility transmits video images and the voices of users to e-mail accounts, just like text messages.

Devi, who works in her fields and knows nothing of computers or e-mail, paid the booth owner five rupees (11 cents) extra to open a standing e-mail account, including her husband's picture that is stored on a hard disk at the booth.

Until now, Devi had to wait weeks for surface mail from her husband, whom she sees only once a year.

The facility, likely to be launched in several public booths across India this month, also will provide e-mail messages in Hindi, India's national language, Mehta said.

NASSCOM tested its video e-mail facility by inviting 18 Bombay taxi drivers who came from Jaunpur, a town in the northern state of Uttar Pradesh, to record messages for their wives and children, Mehta said.

The government's Information Technology Task Force, to which Mehta belongs, has suggested various means of providing large numbers of Indians toward the global information revolution which has so far touched only a fraction of the country's nearly one billion people.

Despite a boom in the use of computers, India has only 2.3 million personal computers and about 130,000 Internet subscribers, with each connection being shared by up to five people, NASSCOM said.

The Communications Ministry has said it would provide all district hubs across the country with Internet connectivity.

"Poor, illiterate villagers who don't have telephones, who don't write letters, can now walk up to the phone booth and dictate Internet messages," Mehta said.

Telephones were long considered a luxury in India, where about half of the population does not have a connection.

\$ 90m ScanCement project launched

Invest in a big way, Tofail urges foreign entrepreneurs

Minister for Commerce and Industries Tofail Ahmed yesterday iterated his call to the foreign investors to invest in a big way in Bangladesh, availing themselves of the package of incentives for the private sector foreign investment.

Speaking as the chief guest at the launching ceremony of a 90-million US dollar project for production of ScanCement brand of Cement at a hotel here, the minister reassured the foreign investors of all sorts of cooperation from the government side to help them invest in various sectors in Bangladesh.

The government under the leadership of Prime Minister Sheikh Hasina is totally cooperative with the foreign investors," Tofail said.

Referring to the shortage of cement in the country, the minister said Bangladesh now produces only 30 per cent of the country's total cement requirement.

Tofail said that the government is interested to see the foreign investors invest in Bangladesh in a big way.

Referring to the interest shown by the both domestic and overseas investors for investment in cement production, the minister said time is coming when the total cement requirement in Bangladesh will be fulfilled by the country's own production.

With this launching, ScanCement Group of Norway, the sixth largest cement and building company in Europe, has entered into Bangladesh's cement market.

ScanCement Bangladesh Limited is a joint venture between the Scancem Group, Sumitomo Corporation, Japan and Multimode Group of Bangladesh. The company's 90 million US dollar project involves a modern grinding and bagging plant in the coastal area of Chittagong.

Further plans of the company include construction of a grinding plant with a capacity of one million tonnes in Dhaka, with a cement terminal including silos and packaging facilities.

The function was addressed also by Vice Chairman of Scancem Bangladesh Limited and Managing Director of Multimode Group Abdul Awal Mintoo and General Manager of Scancem Bangladesh Martin Schjoberg.

Tofail thanked the Scancem for participating in the Bangladesh's development activities.

Referring to the prevailing conducive environment for foreign investment in Bangladesh, the minister said there was no ethnic problem in the country.

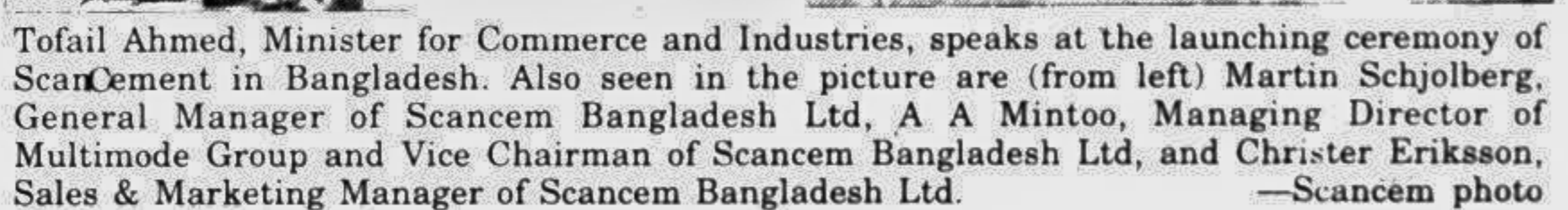
Tofail also gave a brief resume of how the government is working for attracting private sector investment, particularly the foreign investment, in Bangladesh.

Reiterating his government's all-out cooperation to the foreign investors, the minister said they would try their best to help in case of any problems.

About the government's post-flood rehabilitation programmes, the minister said the damage wrecked by the devastating floods could not be healed without the assistance of the donors and the friendly countries.

He expressed the hope that the decision for the implementation of post-flood rehabilitation programme would be implemented successfully with the assistance and cooperation of all concerned.

In his speech, Abdul Awal Mintoo said Scancem would be a big leap in the field of production of quality cement.



Tofail Ahmed, Minister for Commerce and Industries, speaks at the launching ceremony of ScanCement in Bangladesh. Also seen in the picture are (from left) Martin Schjoberg, General Manager of Scancem Bangladesh Ltd, A A Mintoo, Managing Director of Multimode Group and Vice Chairman of Scancem Bangladesh Ltd, and Christer Eriksson, Sales & Marketing Manager of Scancem Bangladesh Ltd. —Scancem photo

Clinton outlines proposals to avoid economic recession

WASHINGTON, Oct 3: President Bill Clinton has declared that the United States must aggressively combat the most serious challenge to the world economy in 50 years, reports AP.

On Friday, he put forward proposals for keeping the US economy from being drawn into a global recession.

Among the ideas: changing the way the International Monetary Fund works to allow it to give emergency loans more quickly to countries to head off the panicked rush that has flattened Asian nations and Russia.

The new ideas will be discussed Saturday by finance ministers and central bank presidents of the world's seven richest industrial countries: the United States, Japan, Germany, France, Britain, Italy and Canada.

If US officials win backing for the ideas, they will then go to the annual meetings of the 182-nation IMF and its sister lending agency, the World Bank, scheduled to begin Sunday.

The IMF, which has assembled more than 100 billion dollars in bailouts already for Thailand, Indonesia, South Korea and Russia, has come under heavy attack for pursuing programmes that so far have failed to contain the economic troubles, now threatening Latin America.

Treasury Secretary Robert Rubin met Friday with Brazil's Finance Minister Pedro Malan, who has confirmed reports that Brazil is negotiating for a multi-billion-dollar loan package from the IMF and other sources.

A package of 30 billion dollars or more could be announced as soon as this weekend. The United States is working with the IMF to keep Brazil, the largest economy in Latin America, from becoming the crisis latest victim.

Underscoring financial markets' jitters, Rubin's briefing on Clinton's initiatives sent the market plunging for a brief time when Rubin did not, as some investors had hoped, announce a Brazilian package.

By day's end, stocks had recovered to finish up 152 points on the Dow Jones industrial average after two days when blue-chip stocks had fallen by a total of 450 points.

Rubin said the United States would push several proposals at the upcoming meetings. But aides cautioned some were still in the preliminary stage and not likely to be approved during the meetings.

"This country has got to lead our feet," Clinton said, blasting Congress for what he called an inexcusable delay in approving \$18 billion to replenish the IMF.

"We can't lead back from this financial precipice, but we need the resources to do it," Clinton said.

Half the world is in recession or experiencing very low economic growth, Clinton said. "We don't have to have a worldwide recession if those of us that enjoy growth will take the initiative and move now. But we just — we cannot afford to dally around here."

Clinton said he would participate personally in discussions that Rubin and Federal Reserve Chairman Alan Greenspan will hold Monday with finance officials from 22 nations.

The United States is exploring the creation of a new "mechanism anchored in the IMF to provide contingent finance to help countries ward off global financial contagion."

The 22 nations meeting Monday are expected to release preliminary recommendations, including promoting greater IMF openness, pushing countries to release better and more timely data about their economies, improving banking regulations and forcing multinational banks and wealthy investors to bear more pain when investments in emerging markets suddenly go bad.

US unemployment rate rises as global economic crisis deepens

WASHINGTON, Oct 3: The unemployment rate rose to 4.6 per cent and job growth slumped to its lowest level in nearly three years in September as the global economic crisis spread and deepened, says AP.

The rate, up from 4.5 per cent during the three previous months, was the highest in six months. It had hit a 28-year low of 4.3 per cent in April and May.

Employers added only 69,000 jobs to their payrolls last month, down from 309,000 in August and the weakest figure since a blizzard in the Northeast forced businesses to cut payrolls in January 1996.

The relatively weak September growth reflects an unusually small increase in services and job losses in manufacturing and construction," said Katharine G. Abraham, commissioner of the Bureau of Labour Statistics.

Manufacturers cut payrolls by 16,000 jobs in September, the fifth decline in six months. During the period, factory employment increased only in August, reflecting a rebound following the General Motors strikes. Over the past six months, the sector has lost 152,000 jobs.

Recession in Asia has hurt US factories on two fronts: It has slashed sales in what was once one of their best export markets and, because of steep

ASEAN to hasten tariff cuts on 3000 items

MANILA, Oct 3: Members of the Association of South East Asian Nations (ASEAN) are planning to hasten economic integration and tariff cuts on 3,000 products to spur trade within the crisis-hit region, a senior Philippine official said, reports Reuters.

"The ASEAN countries will bring to the meeting a list of products which they will put on the acceleration mode," Philippine Trade and Industry Assistant Secretary Edsel Custodio said at a news conference.

Manila will host the 30th ASEAN economic ministers' meeting from October 5 to 8.

"I think we are all unanimous in the assessment that in fact it is important for ASEAN to continue with the economic integration at this point," Custodio said.

"We will be able to see a solution to some of our problems as a result of the financial crisis through more investments," ASEAN had originally aimed at creating a free trade zone under a common effective preferential tariff (CEPT) scheme by 2008, but economic ministers later agreed to speed up its implementation to 2003.

The CEPT scheme, which began in 1993, called for tariffs to be cut to between zero and five per cent by 2003.

Custodio said some members proposed the cuts be hastened to 2000.

"The response to that of all ASEAN countries is that we cannot approve a formal reduction to the year 2000 from the year 2003. But on a best effort and voluntary basis, we will bring in products to within zero to five per cent by the year 2000," said Custodio.

The Philippines alone will accelerate the tariff cut on 250 products.

Custodio estimated that by 2000, 90 per cent of total ASEAN trade will be at the zero to five per cent tariff range.

The ministers are also set to approve guidelines on electronic commerce at the meeting.

ASEAN groups Singapore, Malaysia, Thailand, Laos, Myanmar, Vietnam, Philippines, Indonesia and Brunei.

'White plough' in Jessore

JESSORE, Oct 3: At least 30 factories are engaged in marketing Zinc Sulphate chemical fertilisers produced locally with unsuitable ingredients, according to some specialists here, says UNB.

A group of chemical engineers told UNB that Zinc minerals which is an important and essential ingredient for producing this fertiliser is neither produced in the country, nor these factories have imported them.

A team of experts from Agriculture University which visited some factories recently found that some lay men were producing the fertiliser by mixing discarded ammonium sulphate, ashes of used oils, crude salt, Zipsum and sulphuric acid. Zinc mineral was totally absent.

This kind of fertiliser, they said, was harmful to the soil and the crops.

The factories have no chemical engineer or chemists have never tested their produce in the government approved laboratory but marketing such fertilisers under the trade mark of "White Plough" allotted to a Dhaka factory.

About 60,000 tons of these harmful fertilisers have so far been distributed in the southwestern districts, the dealers said.

Both the original and spurious Zinc fertilisers are being sold at the market at the same rate. The law enforcing agencies are allegedly patronising the illegal business.

BMW to set up plant in Thailand

BANGKOK, Oct 3: German automaker BMW announced Saturday it will set up a wholly-owned manufacturing plant in eastern Thailand to assemble BMW and Rover group vehicles, reports AP.

It will also establish a wholesale subsidiary, Bayerische Motoren Werke (Thailand), to handle distribution of its vehicles. BMW executives said at a news conference.

BMW's new plant, representing an initial investment of more than one billion baht (\$25.3 million), will be located at an industrial park in Thailand's Eastern Seaboard. It is scheduled to start operations in early 2000, employing 250 people in vehicle assembly during the first year of production.

By 2004, it is slated to have 500-600 employees and an annual capacity of 10,000 units.

By establishing a wholly-owned manufacturing company — and a wholesale subsidiary which is legally a joint venture but in practice controlled by BMW — the automaker has substantially altered its 35-year relationship with its former Thai importer and distributor, the locally-owned Thai Yarnyon.

The Thai company has also been assembling some BMW models since 1973, steadily expanding capacity.

BMW board member Wolfgang Reitzle said his company will maintain the relationship and ensure business of the group's long-term partners in Thailand, including Thai Yarnyon, by sourcing painted bodies from their existing facilities for final assembly at the new plant.

In the past, both partners have substantially invested in these facilities to meet BMW's worldwide quality standards.

But concern has been expressed in some quarters that BMW may have negotiated too hard a bargain.

Thai Deputy Prime Minister Bichai Rattakul wrote a letter to BMW Chairman Bernd Pischetsrieder in January describing the decision to establish BMW Thailand as "encouraging news," but noting that "unfortunately, it does not yet include the contemplated participation of your local assembly and distribution partner, Thai Yarnyon."

Thai Yarnyon has no equity interest in the new ventures, whose Thai partners exist for legal reasons but are not, apparently, actual investors.

According to auto industry sources, a joint venture agreement concerning production was signed in March 1997 between BMW and Thai Yarnyon but was abandoned by BMW shortly afterwards for reasons that are unclear.

ILO talks to call for trade union rights

GENEVA, Oct 3: Delegations from 10 countries including China were set on Friday to call for an end to restrictions on trade union rights in some export processing zones, the International Labour Organisation (ILO) said, reports Reuters.

The delegations — representing governments, employers and workers — also agreed to call for improving labour-management relations as well as conditions for women workers.

ILO spokesman John Doohan told a news briefing, "Women account for up to 90 per cent of the 27 million people employed in the 850 export processing zones worldwide, often in low-skilled, low-paid jobs offering little or no social protection such as maternity leave or child-care facilities."

The delegations were to issue their conclusions at the end of the five-day ILO meeting later on Friday.

They were expected to affirm that "free, strong and responsible trade unions have a major role to play in building workplace relations conducive to improvements in working conditions and increases in productivity and competitiveness."

An ILO report issued on Monday said that workers in export processing zones often earned low wages in poor conditions.

The United Nations agency also said that the industrial zones, which import and process materials before exporting them again, were huge employment generators but often lacked meaningful links with the domestic economies around them.

China, which has 124 export processing zones, has created the greatest number of jobs. Some 18 million were employed in firms with foreign investment alone, and many millions more in Chinese-owned zone enterprises, according to the report.

North America is host to the largest number of zones with 320, followed by Asia at 225.

World's oil markets steady

LONDON, Oct 3: Battered world oil markets steadied on Friday after a heavy price slump on Thursday triggered by a wave of speculative selling by investment funds, says Reuters.

London futures for November Brent blend crude limped nine cents higher at 14.20 dollars a barrel after losing 59 cents on Thursday.

The slide came as a blow to oil producers who have carefully nurtured a recovery in prices from August's 10-year low of 11.55 dollars a barrel.

Dealers said a surprise rise in oil inventories in the United States this week, spoiling a six-week run of declines in bloated stockpiles had encouraged the sellers.

"Prices could go lower again if Brent goes below the psychological 14 dollars barrier but then I'd expect to see the uptrend resume," one dealer said.

Oil prices are unlikely to find any support from a meeting on Friday in the Mexican resort of Cancun of the oil ministers of Saudi Arabia, Venezuela and Mexico.

The three countries were the architects of two rounds of production cuts which bailed the market out earlier this year.

But Mexico and Venezuela both underlined on Thursday that more cuts were not on the agenda for Friday's gathering.

"We don't need to discuss that now," said Venezuelan Oil Minister Erwin Arrieta on his arrival in Cancun.

Mexico's Luis Tellez said his country might extend its efforts beyond the end of the year to match a commitment from OPEC producers — including Venezuela and Saudi — to observe supply restrictions until June 1999.

Slickly profit margins for oil refiners this week have helped undermine the infant price recovery.

Refiners in Asia and Europe have been forced to reduce, or consider reducing, operations because crude prices had moved out of line with refined petroleum products.

Large inventories of heating oil stocks have already built up ahead of the northern hemisphere winter across the world's major refining centres.

Analysts say the year-on-year inventory surplus shrank in September, but further action might be needed by oil producers if they wanted to eradicate it completely over the next few months.

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