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The Daily Star BUSINESS

DHAKA, MONDAY, NOVEMBER 2, 1998

SANYO
Washing Machine
Sole Distributor in Bangladesh
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LGED implements 657 schemes in Pirojpur

PIROJPUR, Nov 1: A total of 657 different development schemes costing over Tk 2.6 crore have been implemented by the Local Government Engineering Department here, reports UNB.

The schemes were implemented under the thana development assistance fund during the current year.

Of the schemes, 112 have been implemented in Nesarabad, 65 in Mathbaria, 103 in Kauhali, 189 in Vandaria, 107 in Nazirpur and 81 in Sadar thanas.

Meanwhile, at least 85 deep and 62 shallow tube-wells will be set up at a cost of Tk 41 lakh under rural water supply project in the district during the current fiscal year.

The project to ensure supply of pure water in rural areas will be implemented by the Public Health and Engineering Department here.

Official sources said that deep and shallow tube-wells would be installed at Sadar, Nazirpur, Vandaria, Kauhali and Swarupkathi thanas under the post-flood rehabilitation programme in the district.

Bankers' team to leave for HK today

Star Business Report

A team of local bankers will leave Dhaka today on a three-day visit to Hong Kong.

The team comprises mid-level executives from various commercial banks of the country.

Sponsored by the Institutional Banking Group (IBG) of Standard Chartered Bank in Bangladesh, the team will visit the operations division of the bank in Hong Kong.

During the visit, the team will also observe the Trade Operations as well as Institutional Banking & Treasury operations of the bank.

Addressing the team members, Geoff Williams, Chief Executive Bangladesh for Standard Chartered Bank, said that this kind of overseas visits would continue to bring in best practices from the developed world to enrich the local banking industry.

Post-flood rehabilitation

Habiganj farmers to get 104 MT of wheat seeds

HABIGANJ, Nov 1: A scheme has been taken up to distribute 104 metric tons of wheat seeds among the farmers under the post-flood agricultural rehabilitation programme of the government, reports UNB.

According to Agriculture Extension Department, the seeds will be distributed in eight thanas of the district during the current season.

A total of 1,562 hectares of land have been brought under wheat cultivation in the district with a production target of 3491 metric tons, official sources said.

Of the land, 400 hectares will be cultivated in Sadar, 625 hectares in Madhabpur, 125 hectares in Chunarughat, 45 hectares in Bahubal, 12 hectares in Nabiganj, 170 hectares in Laghai, 75 hectares in Baniachang and 110 hectares in Azmirganj thanas.

Philippines may impose price control on sugar

MANILA, Nov 1: The Philippine government may impose temporary price controls on sugar after costs soared by near 45 per cent from last month, Agriculture Secretary William Dar said yesterday, reports AFP.

Dar said he had ordered the sugar regulatory authority to coordinate with the trade department on a price range for the commodity before seeking the approval of President Joseph Estrada.

Sugar prices currently range up to 42 pesos (about one dollar) a kilogram (2.2 pounds). Dar proposed that sugar prices be pegged at about 32 pesos a kilo.

The duration of the price controls could be limited to three to four weeks as prices are expected to return to the "normal" levels by December, he said.

About 50,000 metric tonnes of imported sugar will be out in the market in two weeks and would go directly to government retail stores to stabilise prices, Dar said.

Trade Undersecretary Ernesto Ordonez said the controls also aim to flush out profiteers, who have taken advantage of the domestic shortage to raise sugar prices beyond the 10 per cent range allowed by law.

Current sugar prices of up to 42 pesos a kilogram indicate an increase of 44.8 per cent from September levels of 29 pesos a kilogram.

"A ten per cent increase in the price of a commodity over the previous months level constitutes a prima facie evidence for profiteering," Ordonez told reporters.

Swedish experts stress strong political will for privatisation

Star Business Report

Lack of political commitment, resistance from the workers, huge loan liabilities of the state-owned enterprises and lengthy bureaucratic process were the major hurdles for rapid privatisation in the country.

The issues came up at a discussion meeting yesterday at the Privatisation Board (PB) office with the visiting Swedish privatisation experts, PB officials and a group of journalists from leading national dailies.

The visiting Swedish experts, Kristina Kuhnel and Lennart Konigson, also stressed the need for a strong political

commitment for speedy privatisation.

They said that it was very difficult for a country to go for large-scale privatisation without a strong political commitment.

Privatisation Board Chairman Kazi Zafrullah, Secretary M Nasir Uddin and other high officials also took part in the discussion.

The Swedish team's visit was arranged as a follow up programme after a discussion between the Swedish Embassy and PB officials a few months back.

During their five-day visit to

Bangladesh, the experts will meet government officials, World Bank experts and chamber leaders for gathering information about Bangladesh's privatisation process.

They will also visit some state-owned and private enterprises to see for themselves, the existing situation.

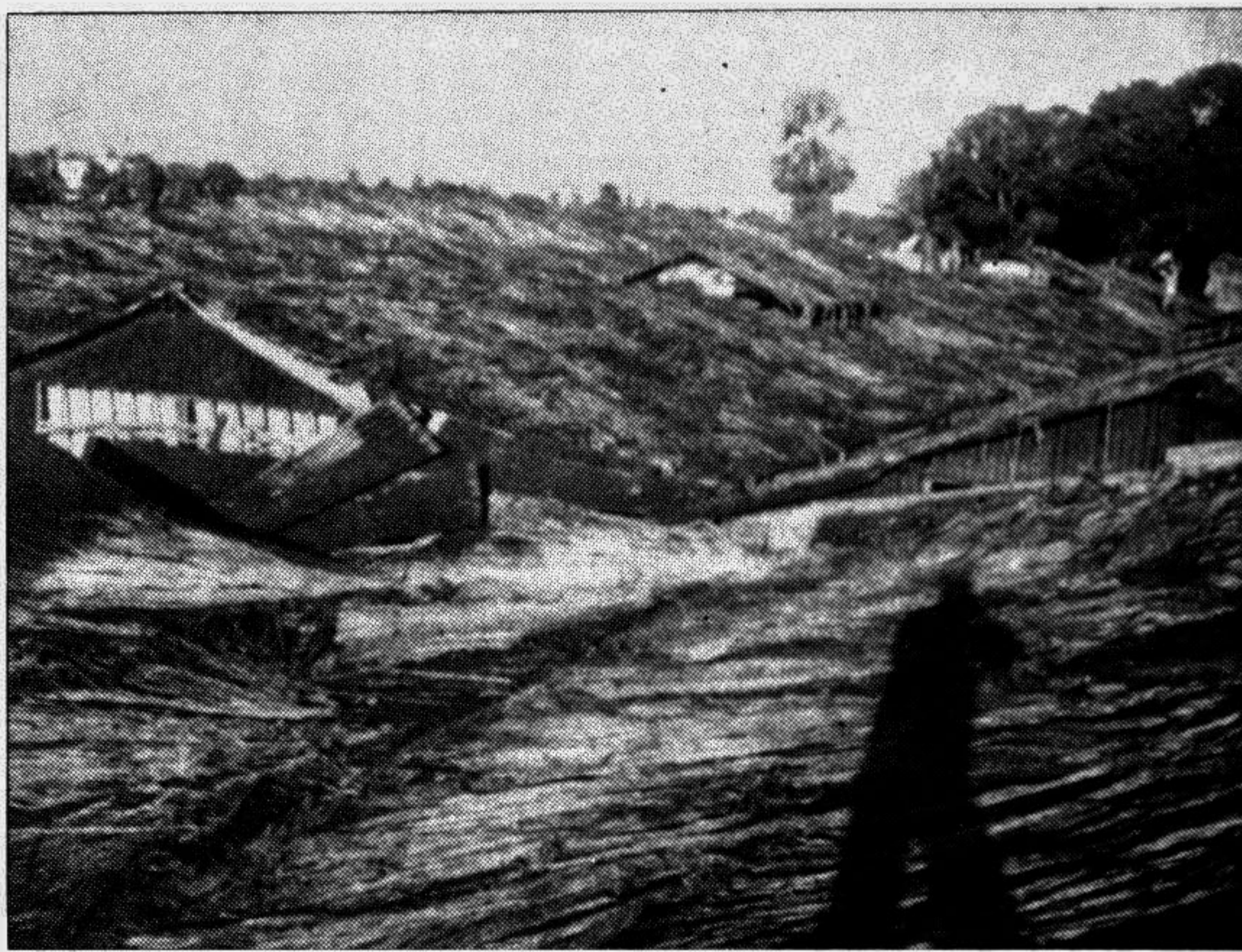
"The problems related to the privatisation process differ from country to country. So we cannot prescribe any medicine for accelerating the process in your country," said Lennart Konigson.

"The PB chairman also said, "We cannot pinpoint any par-

ticular problem which could be our main target of action. The process is related to many other socio-economic issues," he added.

In this regard, he further said that as the PB did not have adequate legal power many buyers had to wait for taking over the factories even after making full payments.

"The board completes the selling process, but for handing over the factories to buyers it has to communicate with the concerned ministry, which further delays the privatisation process," the chairman said.



ITS SALVATION TIME NOW: Though flood water has receded from most parts of Chandpur, jute farmers are still short of suitable places for drying their wet jute. The picture shows jute being dried on godown rooftops. — Star photo

ROK unemployment may hit 7 pc this year

SEOUL, Nov 1: South Korea's Labour Ministry predicted Monday that the jobless rate would hit seven per cent this year amid government moves to limit ballooning job cuts, reports AFP.

But the ministry said the figure would rise to 7.8 per cent — or 1.7 million out of work next year — as the economic crisis continues to eat away at the once booming economy.

"It is predicted that starting September or October 1998, the government's unemployment policy measure will take effect gradually, reducing the rate of decrease in the number of employed," the ministry said in a statement.

In the 1999 draft budget, Seoul has hiked spending on unemployment measures, including job creation and re-training, by a massive 45.3 per cent from 5.7 trillion won in 1998.

If the economy begins recovering in 1999 as the government has predicted, the job market should start improving in the third quarter of next year after stabilising at an average 1.6 million in the second quarter, the ministry said.

But the effects of the crisis are expected to further boost the

jobless queues before the benefits can be felt, it warned.

"Although small-scale recovery (around two per cent growth) should be achieved in 1999, the unemployment level will be higher this year because the economy will not be able to absorb the net increase in labour supply."

The unemployment level decreased to 7.4 per cent or 1.58 million people in August for the first time since the International Monetary Fund (IMF) extended a 57-billion dollar rescue package to Seoul in December.

Month-on-month joblessness had peaked at 7.6 per cent in July. The decline was attributed to a fall in the number of job seekers as students returned to college after summer vacation.

The number of employed people in South Korea stood at 19.86 million in August, down 6.8 per cent from a year earlier.

But private economists have warned that South Korea's jobless rate is expected to climb to 8.2 per cent by the end of this year to reach a peak of 10 per cent early next year.

The number of the unemployed is expected to increase to 1.78 million people by the end of this year, Samsung Economic

Research Institute (SERI) said last month.

The figure is expected to surpass two million in February or March 1999, to reach a peak of around 10 per cent, before declining to 1.89 million by the end of next year, with a jobless rate of 8.7 per cent, the institute said.

Other institutes, including Daewoo and LG economic research institutes, predicted that the average jobless rate for next year will be around 7.9 per cent, up from this year's average of somewhere between seven and 7.5 per cent.

South Korea has been rocked by strikes and demonstrations against layoffs which have been forced by the country's corporate and financial restructuring drive.

Unions have resisted the concept of layoffs in this country used to jobs for life, as the government attempts to forge ahead with the crucial restructuring programme under its IMF commitments.

Analysts have warned of a growing risk of social strife as the number of jobless increases and savings run out as the country's social security net is not yet equipped to cope with millions of unemployed.

LP gas crisis in Jessore

JESSORE, Nov 1: The people of eight thanas of the district are facing acute crisis of Liquefied Petroleum (LP) gas for the last few months, says UNB.

Disruption of road communication of Khulna and Jessore districts with Chittagong following the prolonged flood has caused the short supply.

Sources said a section of dealers taking the advantage of the short supply stored LP gas to create an artificial crisis to earn extra money.

Official sources, however, said the supply of LP gas remained totally stopped since the last week of last September following the acute crisis.

Meanwhile, the price of LP gas cylinders hiked more than three and are now being sold between Tk 900 and Tk 950 against its earlier price Tk 260 in the town.

Mentionable that a total of 20 dealers of LP gas cylinder have been engaged in supplying gas in the area.

As a result, the people here are using electric heaters and firewood extensively for cooking purposes.

Slides in Arab stocks slow

RIYADH, Nov 1: The slide in Arab stock markets slowed this week as investors became "more realistic" about the value of stocks, specialist financial institution Bakheet Financial Advisors (BFA) said, reports AFP.

Three out of 12 Arab bourses rose, while two barely moved as investors re-evaluated stock values, said BFA managing partner Beshr Bakheet.

"Some of the falls have been a bit exaggerated. Investors have been over pessimistic and over emotional. This week they have been more realistic about the value of stocks," he said.

The Jerusalem Index of the fledgling Palestinian bourse was the largest gainer for the second week in a row, rising 2.4 per cent to close at 164.14.

Kuwait's KSE Index took the biggest hit, falling 5.5 per cent to a new 21-month low of 1,996.70 as the breach of the 1,900-point barrier caused panic selling.

The sharp fall led the small Gulf state government to announce Friday that it is considering a measure first announced in April 1996 to open up the exchange to foreign investors.

Some 75 companies with a market capitalisation of 25 billion dollars are listed on the KSE, whose index has fallen 28.5 per cent this year.

Saudi Arabia's NCFEI Index was the second largest gainer, after being last week's biggest loser, as investors re-evaluated the market following the release of third quarter results, Bakheet said.

The NCFEI All-Shares Index closed at 147.81, up 1.18 per cent, Riyadh-based BFA said.

Bid to stabilise oil prices OPEC heavyweights call for consumers' cooperation

DUBAI, Nov 1: OPEC heavyweights Saudi Arabia and the United Arab Emirates (UAE) have called for cooperation between producers and consumers to stabilise oil prices, reports AFP.

"It is clear that OPEC cannot alone bring stability to the market without cooperation from other producers," Saudi Oil Minister Ali Ibn Ibrahim Al-Nuaimi said, quoted by the official SPA news agency on Saturday.

OPEC President Obaid Al-Nassiri, quoted by the official UAE news agency Wam, called for closer dialogue between producers and consumers for "securing a set level of demand so as to enable producing countries

to make investments in their development projects."

The two ministers were speaking at the international energy conference in Cape Town, attended by 25 oil ministers and 13 deputy oil ministers from OPEC and non-OPEC countries.

The meeting had raised hopes of further oil cuts by OPEC members, who have so far cut 2.6 million barrels per day (BPD) from their total production in a bid to boost flagging oil prices.

But on Thursday, Nassiri, also UAE oil minister, said immediate new oil cuts by OPEC members were unlikely. "The option is open for reviewing the market (but) this is not an OPEC

meeting, there are oil producers and consumers here."

"We are here just to exchange views on the current market," Nassiri said.

The Organisation of Petroleum Exporting Countries decided in June to lower production by 1.37 million barrels per day (BPD), raising total cuts since March to 2.6 million BPD. Further cuts from non-OPEC countries such as Mexico, Russia and Oman amount to about 500,000 BPD.

Oil prices, hovering at a 10-year low and 30 per cent lower than in 1997, have fallen amid predictions that demand from Asia would continue to drop because of the region's economic turmoil.

Nuaimi told conference delegates that "if oil prices stay reasonable in a way that is sufficient for growth in the demand and maintaining margins for the producers, the world will see an economic revival."

But he warned: "If prices fall, the consequences will be bad for everyone. Ultimately, production will fall and investors will go to other sectors."

Oil prices picked up slightly this week because of the conference, although a London-based trader said no-one was expecting more output cuts at this stage.

However, signs were emerging of a growing dispute over future strategy on reducing output, and in a "little drama inside OPEC" Kuwait walked out on talks, traders said.

In London, Brent, the reference North Sea crude, closed at about 13.06 dollars for December. The OPEC basket price so far this year has averaged 12.7 dollars a barrel, down from 18.8 dollar in 1997 and 20.3 dollars in 1996.

The 11-nation cartel, which provides 37 per cent of the world's oil, is to hold its next meeting in Vienna in November.

OPEC members have seen oil revenues drop 32 per cent to 90 billion dollars in the first nine months of 1998, according to figures from Paris-based Petrosstrategies July.

US Congress okays int'l anti-bribery treaty

by Vasantha Arora

WASHINGTON, Nov 1: The US Congress has approved an international treaty that would make it an offence to bribe foreign officials in the pursuit of business.

The Senate passed a bill on the subject by a voice vote without debate, a day after its passage by the House of Representatives. Commerce Secretary William Daley hailed the development saying that "this agreement will forever change the way international business is conducted."

The bill seeks to modify the 1977 Foreign Corrupt Practices Act — which implements an Organisation for Economic Cooperation and Development (OECD) treaty, barring bribery of foreign officials. The United States has long sought this treaty, which bars bribery of foreign officials in the pursuit of business.

White House representative Amy Weiss said President Bill Clinton plans to sign the bill in the next several days. "The United States already has very tough anti-bribery laws and this agreement will make sure

American businesses have a level playing field when competing for business overseas," Weiss added. The agreement calls on major U.S. trading partners to have their legislatures pass criminal laws against bribery.

Daley said bribery of foreign officials cost U.S. companies billions of dollars a year in lost contracts. "For more than 20 years, the United States has enforced our anti-bribery legislation while other countries have given tax deductions to companies for their bribes," he said adding "under this convention, our trading partners will enact prohibitions that will end this practice."

"Both Congress and the Administration want American exporters to be able to compete internationally with foreign companies on the merits of their products, rather than due to unfair influence," Daley said, adding, "we expect that the other countries that signed the Convention will move swiftly to bring the Convention into force."

India Abroad News Service

India unveils steps to contain price rises

NEW DELHI, Nov 1: Facing national outrage over rising prices, the Indian government yesterday announced a series of steps to help contain the increases, says AFP.

A panel headed by Prime Minister Atal Behari Vajpayee decided to permit duty free import of pulses and abolished customs duty on edible oils.

It also told provincial governments to procure surplus onions, India's most favoured vegetable — prices of which have shot up more than 500 per cent since July — to help deficient states.

The prices of cereals and other food products have shot up almost 50 per cent after Vajpayee's Bharatiya Janata Party (BJP, Indian people's party)-led coalition came to power in March.

The steps unveiled Saturday comes in the wake of provincial elections in four Indian states, including New Delhi, next month. Opposition parties predict a rout for the BJP in these elections especially because of the outrage over onions.

In 1980, former Prime Minister Indira Gandhi exploited spiralling onion prices to romp back to power after three years in the opposition.

Finance Minister Yashwant Sinha said the government panel would "meet periodically and review the price situation

and other developments on the economic front."

The Prime Minister is writing to all chief ministers to initiate de-hoarding and anti-hoarding steps and arrest the upswing in the prices of essential items," Sinha told reporters.

"There will be a meeting of the state Chief Secretaries (top bureaucrats) in New Delhi on November 7 to review the price situation and de-hoarding measures."

Onion prices in the capital began to soar after floods and cyclones damaged crops in the onion-growing western states of Maharashtra and Gujarat.

According to official figures, onion production this year was around 3.6 million tonnes against 4.2 million tonnes last year.

The jittery nationalists have banned the export of several food products and have begun to import onions in the face of growing national anger.

The issue has become the most favoured subjects of satirists and newspaper with a television personality staging an onion lasmoon show last week in the northern city of Chandigarh.

Sinha said the government was also considering bringing the prices of onions and pulses under its control.

Sugarcane crushing at Rajshahi mill begins No 6

RAJSHAHI, Nov 1: Sugarcane crushing of the Rajshahi Sugar Mills will begin on November 6, official sources here said, reports APB.

It was scheduled to start on October 28. However, it did not commence on the day because of inclement weather.

Most of the sugarcane fields here remained under flood water till October 28, the mill sources said, adding, as a result, crushing resumption had to be delayed.

Non-iodised salt sells in Kushtia

KUSHTIA, Nov 1: Non-iodised salt is being sold openly in the markets of the district owing to absence of any vigilance of the local administration, reports APB.

About 75 per cent families in rural areas have been consuming the non-iodised salt as the retailers are not selling the iodised one, locals complained.

When asked, some retailers said that they found it more profitable to sell non-iodised salt.

Moreover, they did not face any difficulty in selling the non-iodised salt, because the illiterate people could not differentiate one from the other, said the retailers.

DPRK leader, ROK tycoon agree on oil project

SEOUL, Nov 1: North Korea's reclusive leader Kim Jong-Il has granted a rare audience to South Korean business tycoon Chung Ju-Yung and agreed with him to jointly develop oil fields in the North, Chung said yesterday, reports AFP.

"Pyongyang is sitting on oil," Chung quoted Kim Jong-Il as saying as Kim was claiming that the North has struck oil fields in Pyongyang and its surrounding areas.

"So I replied that we want that oil and that we can lay pipelines and receive the oil," Chung told journalists after returning from a visit to the North.

"Commander Kim Jong-Il said he will issue an order to that effect," Chung said, addressing the much-vaunted leader of the Stalinist country with one of his official titles.

The agreement came after Kim called on Chung late Friday at Paikhwon guest house in Pyongyang where the business leader was staying, and the pair had a 20-minute meeting, Chung said.

It was the first time Kim met a South Korean visiting the hermit country with official approval from Seoul, officials of the Unification Ministry here said.

Indian 'Silicon Valley' a home of 1700 software firms

BANGALORE, India, Nov 1: A handful of companies set up shop in this "Silicon Valley" of India a decade ago, unaware the city would one day account for more than a third of the country's software revenues, reports AFP.

Today, Bangalore is home to more than 1,700 software firms which have exported 20 billion rupees (475 million dollars) worth of software in the fiscal year to March 1998.

The United States is India's main export market. Bangalore it, com, a five-day conference which opens here Sunday, aims to showcase the country's infotech achievements and to re-establish the city as the software capital of India.

Business leaders, however, say Bangalore, capital of the southern Indian state of Karnataka, appears to be slipping due to growing problems of infrastructure and competition

from neighbouring regions.

Power outages and pollution have badly affected the city. On top of it, the adjoining state of Andhra Pradesh is aggressively wooing infotech companies from abroad to out-bid Bangalore.

"The biggest impediment here is to seek a licence for everything," complained Saheber Bhatia, US-based General Manager of Microsoft who was recently in Bangalore.

The India-born Bhatia, who sold off his highly-profitable hotmail company to Microsoft, said in the United States only a single licence was needed to start a company.

"I think Bangalore is slipping because of poor infrastructure and aggressive marketing (by Andhra Pradesh State Chief Minister Chandrababu Naidu)," Bhatia said.

But Bangalore refuses to give up without a fight. This year, the rapidly-growing city has al-

ready approved software projects worth 476 million dollars.

It also plans to introduce information technology for engineering graduates to meet the need for experts, launch a software venture capital fund to help small firms, and set up a school for internet studies.

In addition, roadshows are planned in the United States and Japan to market Bangalore as the "best bet for information technology companies," said Sanjay Das Gupta, who heads the government's information technology sector.

The authorities have also hired public relation firms to aid its efforts.

"We have most of the big names here," said Das Gupta. "We want them to expand to new centres outside Bangalore."

"The more than 80 information technology companies which have set up shop in Bangalore include IBM, Texas Instruments, Novell, Siemens,

British Aerospace, Motorola and Ericsson Communications.

In a bid to retain the city's image as the information technology capital of India, the government Saturday opened an office for instantly clearing new software projects.

"We will be the first Indian state to adopt such a pro-active strategy," said Das Gupta. The office will be a sort of a single window agency.

"When new companies come here, they don't have to run around different government departments for approval."

He said Bangalore hoped to cross the one-billion-dollar export mark by the turn of the century.

The state government's initiatives are already being welcomed by the industry.

"But there is a long way to go," warned Srin Rajan, Managing Director of Texas Instrument (India) Ltd.

Weekly UK stocks

Shares end week up on BOE rate cut hopes

LONDON, Nov 1: Hopes of a new interest rate cut next week by the Bank of England buoyed the London stock market this week, reports AFP.

The FTSE 100 index ended the week Friday at 5,438.4 points, up 221.3 points on the week, or 4.24 per cent.

Following the EU summit in Austria last weekend, pressure has been mounting for interest rate cuts in Europe and London traders are convinced that the Bank of England will oblige on Thursday with a quarter or half point cut.

Expectations have been stocked by Italy's one-point cut in its rate and comments by British Minister Stephen Byers that he hoped to see the Bank of England take significant action.

The business community is also clamouring for a cut, with the Confederation of British Industry arguing for a half-point cut on the back of a survey showing business confidence at its lowest in 18 years.

The CBI says that manufacturing orders are at their lowest since July 1991, while export orders have fallen by the biggest margin since 1977.

BSKYB rose 21 pence to 487 pence a share after the Rupert Murdoch owned television announced third-quarter profits of 52 million pounds down 16 per cent, due partly to preparations for a digital service launch in Britain.

The TV said that preparations for digital were going well, with 1,700 people to