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# The Daily Star BUSINESS

DHAKA, TUESDAY, NOVEMBER 10, 1998

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## British Airways earnings up 14.3 pc

LONDON, Nov 9: British Airways PLC reported Monday that its third-quarter profits rose 14.3 per cent compared to last year, which the company credited to effective cost-cutting measures in the face of a weakening economy, reports AP.

British Airways recorded pretax profits of 240 million pounds (\$398.4 million), or 19.1 pence per share, in the three months ending Sept. 30. The company earned 210 million pounds (\$348.6 million), or 13.9 pence per share, in the same period a year earlier.

However, pretax profits for the six months ending Sept. 30 were off 10.5 per cent. The company earned 385 million (\$639 million) for the period, compared to 430 million pounds (\$713.8 million) during the same period last year.

Third-quarter revenues rose 8.7 per cent to 2.44 billion pounds (\$4.05 billion) from 2.24 billion pounds (\$3.72 billion) last year.

"Today's results show how the company has benefited from its clear understanding of the key trends in the international airline market," BA's chairman, Lord Marshall, said in a statement.

"Despite current global economic uncertainties, we are taking the necessary steps to ensure that we are in a flexible position to meet further challenges."

## RBI chief takes a swipe at doomsayers

NEW DELHI, Nov 9: Indian central bank Governor Bimal Jalan took a swipe today at doomsayers whom he accused of ignoring the country's positive economic fundamentals, reports AP.

"In crude statistics we are better off now. The only difference between now and then is how we view the future," the Reserve Bank of India (RBI) chief told a business conference here.

Jalan pointed out that while the economy was slowing down, inflation was down, along with a reduced fiscal deficit and foreign debt.

Economic growth stood at five per cent in the fiscal year ending March 1998, compared to an average rate of 7.5 per cent in the three previous years.

Jalan said huge investments were needed in India's infrastructure to encourage an industrial revival, but added that he was "very confident" about the economic future.

Advances in information technology and communication and lesser importance on domestic capital for development have shifted comparative advantage to countries like India.

"What is important is no longer capital, land or locational advantage but the skill to adapt and change," he said.

"I have a very optimistic view of the future and the opportunities that lies ahead."

## Iranian currency plunges further

TEHRAN, Nov 9: Iran's currency, the Rial, took another dive yesterday against the dollar, continuing its declining trend of past weeks, foreign exchange dealers here said, reports AP.

The "unofficial" exchange rate in Tehran on Sunday morning stood at 6,900 rials to the dollar, compared to 6,800 on Saturday.

Iran's currency has steadily fallen from around 6,200 rials to the dollar in mid-October to the current rate, both abroad and on Tehran's unofficial but barely controlled money market.

The dollar has risen against the Iranian currency as Iran's oil revenues have continued to fall, forcing the government to adopt emergency austerity measures in the face of a US \$ 6.3 billion budget deficit this year.

The government has attempted to control currency transactions, maintaining its own official rates of exchange: an "export rate" of 3,000 rials to the dollar, a 1,750 rial rate for "necessary" purchases by government bodies and a 5,700 rial rate for certain travellers.

## Aid to Palestine Donors to meet in Washington next month

CAIRO, Nov 9: Nations that provide financial aid to the Palestinian authority will meet in Washington next month, Palestinian International Cooperation Minister Nabil Shaath said Sunday, reports AP.

The meeting was initially planned for Vienna but would now take place in Washington on December 4 at the request of the United States following the signing there of the Wye river accord, he said, according to Egypt's MENA news agency.

Palestinian leader Yasser Arafat announced in Vienna the day after signing the accord on October 23 that European Union (EU) donor countries would meet in late November or early December.

The EU provides 60 per cent of international aid to the Palestinians.

# Japan urged to take Bangladeshis under Training Visa System

TOKYO, Nov 9: Foreign Minister Aburahi Samad Azad urged the Japanese government to take trainees from Bangladesh under Training Visa System, reports AP.

He said the trainees through attending various skill-development programmes would be able to contribute to the economy of the country by way of transferring technology and attracting foreign investment.

The Foreign Minister made the request in a "fruitful meeting" with Justice Minister of Japan Shozaburo Nakamura here today (Monday), the Bangladesh mission officials said.

The Japanese minister, they said, lauded the proposition and agreed that such programme would be helpful not only for Bangladesh but also for Japan and other Asian economies.

He appreciated the skill, commitment and sincerity of Bangladesh workers in Japan and promised to take up the matter for discussion with the Japanese Ministry of Foreign Affairs.

Nakamura, however, stressed the need for checking the illegal entry of migrant workers. In reply, Samad Azad said once arrangement for taking in competent workers under Training Visa is made, the number of illegal entrants would automatically decrease.

During the meeting, the FM

briefed the justice minister on the verdict in the Bangabandhu murder case and hoped that this would strengthen the rule of law and democratic process in Bangladesh.

He also thanked the Japanese government for extending emergency aid for the victims of the country's worst flood.

Bangladesh Ambassador to

Japan Rashed Ahmed and former Japanese Ambassador to Bangladesh, currently Director-General of the Consular and Migration Affairs, Shigeo Takemura attended the meeting.



A warehouse-cum-sales centre of Kay Kraft, a fashion-wear and designing shop near Dhaka College on Mirpur Road, was ransacked and looted during the hartal hours yesterday. (Story on Page 1)

## Petrobangla signs financial package contracts with QSP

Star Business Report

Petrobangla Sunday signed contracts with Britain's Quality Software Products Ltd (QSP) for the supply, installation, training and maintenance of computer-based financial systems under Gas Infrastructure Development Project (GIDP) Management System Improvement Programme (MSIP) component for Petrobangla group, says a press release issued yesterday.

The objectives of the project include introduction of international standard financial reporting and installation of a computer-based financial package, produced by a supplier of international repute, in seven of the group's companies.

The project is being financed by Britain's DFID. Abdul Jalil Khan, Secretary of Petrobangla, and Steve Kane of QSP, signed the contracts on behalf of their respective organisations. The chairman, directors of Petrobangla, first secretary, DFID, representatives of IBM and Graphics Information Systems Ltd (GIS) were present at the contract signing ceremony.

## Chinese industrial output shows rebounding signs

BEIJING, Nov 9: China's value-added industrial production rose to 10.6 per cent in October from a year earlier, showing signs of revival from lagging growth earlier in the year, the government announced Monday, reports AP.

The figure was 0.4 percentage points higher than September's growth rate, the State Statistical Bureau reported.

The value-added, or incremental value, of industrial production excludes the cost of raw materials used in the manufacturing process. It is China's benchmark measure of industrial production.

Value-added industrial output for January to October rose 8.2 per cent from the year-earlier period to 1.618 trillion yuan (dollar 195.88 billion), an increase of 0.2 percentage points over the January-September growth rate, the bureau said.

The government's push for increased infrastructure construction boosted output at heavy industrial companies during the period, the report said. Heavy industrial output rose 10.3 per cent to October from a year earlier, 0.7 percentage points higher than in September.

With the government ordering banks to step up lending to help stimulate the economy, production at state firms has risen. Industrial output of state-owned and state-controlled companies rose 6 per cent in October from last year, the report said.

## Italian travellers face hectic week of airport strikes

ROME, Nov 9: A strike by airport ground workers forced cancellation or rescheduling of flights at Italian airports Monday, the first in a series of walkouts this week that threatened to make travel in Italy tough going, reports AP.

The exact number of flights affected was not expected to be known until after the four-hour walkout, from 12:30 pm to 4:30 pm (11:30-15:30 GMT).

Airport ground personnel are protesting failed contract talks and difficult working conditions at Milan's revamped Malpensa airport, plagued by days of chaos after the new hub opened Oct 25.

Premier Massimo D'Alema said Monday that Malpensa's troubles were "just about resolved."

Getting around Rome, Italy's capital, will be especially difficult Thursday due to an overlapping of taxi, bus and tram strikes. Taxi drivers who are angry at the mayor's plans to make their hours more flexible and liberalise tariffs have struck for several days off and on starting in October. This week they plan to leave their cabs parked from Monday through Thursday.

Most bus and trams in the capital will be grounded Thursday and Friday. Drivers are protesting an accord which requires them to work longer hours.

D'Alema said Rome's walkouts were a matter for Mayor Francesco Rutelli to handle.

## S African gold earnings down

JOHANNESBURG, Nov 9: South Africa's gold earnings plummeted in 1997 to the point where the metal delivered only 30 per cent of the country's total mineral sales, according to an official report released yesterday, says AP.

The South African Minerals Bureau report, which tracks the mineral industry's performance from 1986 to 1997 found that where gold had once been the mainstay of South Africa's mineral economy, it has for the past twelve years shown an average annual revenue decline of 3.1 per cent.

Though South Africa remains the world's leading supplier of gold, the decline in gold earnings accelerated in 1997 and the year's total gold sales amounted to 5.405 billion dollars.

"An accelerated decline in earnings occurred in 1997 resulting in gold contributing only 30 per cent to mineral sales," the report said.

The South African mineral industry achieved sales of 18 billion dollars in 1997 with processed minerals proving good revenue earners, the report said.

# Central bankers end talks Asia Pacific states warned of risks despite stability

KUALA LUMPUR, Nov 9: Senior Asia-Pacific central bankers and treasury officials wrapped up talks here yesterday with warnings that regional financial risks have not dissipated with the recent stability of markets, reports AP.

The risk included problems following Russia's severe economic crisis, slower global growth and implementing financial and corporate restructuring in Asian nations reeling from a severe economic crisis, they said in a joint statement.

It was issued after two days of talks here under the Manila framework.

The forum is an Asia-Pacific regional surveillance group formed in the Philippine capital, four months after Asia's financial crisis broke out in July 1997 that led to a capital flight and the meltdown of stock and currency markets.

The Kuala Lumpur meeting was attended by Australia,

Brunei, Canada, China, Hong Kong, Indonesia, Japan, South Korea, New Zealand, the Philippines, Singapore, Thailand and the United States together with top officials from the International Monetary Fund, the World Bank and the Asian Development Bank.

Malaysian treasury chief Aris Othman, who chaired the meeting, told reporters the meeting called for "perseverance by individual economies" to adhere to sound policies, including adopting reforms.

Industrialised countries were urged by the meeting to sustain or create conditions for strong domestic demand-led growth, he told a news conference.

The statement also called for specific measures to strengthen private financing and official capital flows, with appropriate macroeconomic and structural policies to woo foreign investments.

Officials who attended the talks said restoring financial flows had become crucial in Asia as stock markets and currencies were gradually recovering from record lows early this year.

FAO scheme to distribute seeds among farmers

PABNA, Nov 9: A massive scheme has been undertaken to distribute seeds of various vegetables among one lakh flood affected farmers across the country during the current Rabi season, reports AP.

The programme was undertaken by Food and Agriculture Organisation (FAO).

The distribution of seeds have already started through the Agriculture Extension Department, said an official.



WHEN IMPORT'S A BOON: The price of garlic has come down substantially in city markets compared to its market rate during the country-wide flooding thanks to timely imports from the neighbouring country. The picture, taken recently from Shyambazar, shows a truck loaded with the mostly-used spice. —Star photo

# US recession fears wear away as stocks recover

NEW YORK, Nov 9: As the stock market keeps recovering from the big Wall Street sell-off of 1998, hopes are mounting that the Main Street economy can come through the whole episode without much serious damage, reports AP.

At the depths of the market drop, from early September to early October, expectations rose fast that the economy was headed for a recession by early 1999. But now that the stock indexes have recouped as much as two-thirds of their recent losses, the gloom has lifted significantly.

"I see a very low chance of a recession on the immediate horizon," says L Roy Papp, who heads a Phoenix, Arizona,

money-management firm bearing his name.

Much of the credit for the upswing in investors' mood goes to the Federal Reserve, which has eased credit conditions aggressively enough to impress just about everybody on the Street.

As Rao Chalasani at Everen Securities in Chicago put it, "The Federal Reserve is intent on keeping the United States out of a recession. We expect the Fed to maintain its policy toward easing."

But even if hopes like that are fulfilled and the economy keeps growing through next year, many of the investment world's greatest optimists have been chastened by the Great Correction of '98. Compared to a

year or so ago, much less talk is heard these days of a "new era" for the economy in which the business cycle has lost its sharp edges.

"Cycles are caused by excesses," says Richard Hoey, research director at the Dreyfus Corp in New York. "We still can have excesses, because human nature hasn't changed much in the last 3,000 years."

Notes Robert Kearns at David L Babson and Co, a Cambridge, Massachusetts, investment management firm, "One of the chief precepts of the so-called New Paradigm was that somehow the US economy had entered a never-never land where the ups and downs of the business cycle had been banned.

"Neither inflation-provoking scarcity nor deflationary glut caused by over capacity would threaten the economy's well-being. Corporate profits would rise and rise as the benefits of technology-enhanced productivity burgeoned globally."

"However," Kearns added in a recent letter to clients, "even before a number of Asian economies stumbled, one after another, into recession, there were critics of the New Paradigm. The doubters said its basic assumption — that we live in a rational world where rational people always make rational decisions in an orderly, rational fashion — was wrong."

"There would still be times of

excesses and overbuilding, producing deflationary product glut. Now, unfortunately, such critics are being proven right. Markets, just like humans, can get pretty emotional and out of kilter, especially in times of stress."

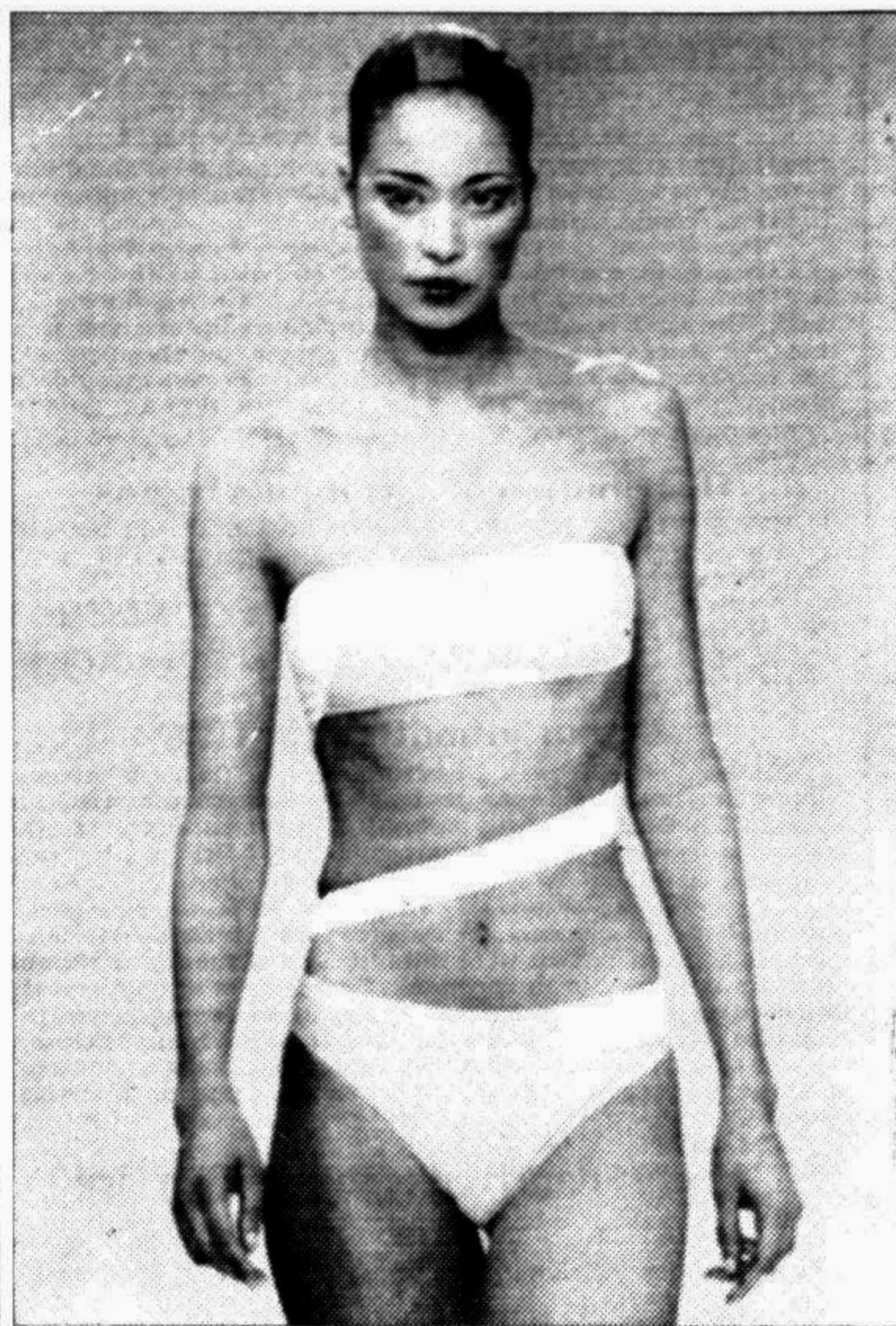
But if the markets and the economy are still vulnerable to human failings, many analysts say significant progress has been made nevertheless.

In Papp's words, "Today's informational society is much different from the steel economies of the 1950s. The advent of the computer and modern technology has almost eliminated the necessity of inventories. Thus, it is very difficult to have an inventory recession."

It's apparent too that much long-term success has been achieved in taming inflation, far beyond any temporary cyclical gains.

From a short-term perspective, Thomas Galvin, chief investment officer at Donaldson, Lufkin and Jenrette Securities, says the tenor of replies to a survey he recently sent to investors has improved markedly in the last few weeks.

"As responses were faxed back to us in early October, the results were very bearish," he reports. "The consensus anticipated a 1999 recession. Now, the majority of respondents anticipate an expansion next year."



A model displays a swimsuit from the 1999 summer collection by designer Jose Antonio Tenente during the twice-a-year "Moda Lisboa" fashion show Saturday night in Lisbon. — AP/UNB photo

# World's leading fashion instts form apex body

By Lalit K Jha

NEW DELHI, Nov 9: Leading fashion institutes of the world, which met here, have decided to establish an apex body to deal with various issues relating to fashion education and industry. A three-day conference for the establishment of the International Foundation of Fashion Technology Institutes (IFFTI) was inaugurated by India's Textiles Minister Kashiram Rana here yesterday.

The conference is being organised by India's premier National Institute of Fashion Technology (NIFT) in collaboration with Fashion Institute of Technology (FIT), New York as well as the Nottingham and Trent University of Britain and Institut Francais De La Mode of France.

The move to form an apex body was the outcome of deliberations among these four institutions at New York in May this year. Nearly 30 international fashion experts, including those from the US, Britain, Australia, France, China, Brazil, Italy, Japan and the Netherlands are participating in the conference.

"The establishment of an international foundation would ultimately serve the interest of the industry," Rana said in his inaugural address. He said the formation of the foundation was more significant in the context of the World Trade Organisation. "I commend this effort because even as the WTO would be concerned with the international and inter-governmental policy issues of the industry, this foundation can hopefully and profitably contribute towards its thinking process on so many issues which have not received adequate attention so far."

At the end of the conference on November 11, the 19 founding members of the apex body would come up with a detailed programme dealing with the various aspects of IFFTI.

"The apex body is a path-breaking event in the field of global fashion industry," NIFT assistant professor Bhavna Kapoor told India Abroad News Service.

— India Abroad News Service

## Australian officials at APEC warns

# Japan may derail plans for faster free trade

CANBERRA, Nov 9: Japan would set a bad example for Indonesia, Korea and Thailand if it presses its case for a reversal of previously agreed goals for accelerated progress towards free trade, Australian officials warned Monday, reports AP.

The Asia Pacific Economic Cooperation forum is aiming for free trade between developed countries in the organisation by 2010 and full free trade in the region, including developing countries, by 2020.

Members have also agreed to fast track progress toward free trade in chemicals, energy, fishing, forestry products, gems and jewelry, medical equipment and instruments and establishing mutual recognition arrangements in telecommunications and toys.

But Japan now wants forestry and fisheries exempted, and has balked at speeding up the reduction of its trade barriers in those industries, the sectors it sees as most vulnerable to foreign competition.

Australian officials, speaking at a formal briefing before next week's APEC forum leaders' meeting, said they would be disappointed if Japan persists with this argument.

Indonesia, Thailand and South Korea have similar concerns to Japan, and could be influenced by Japan's position, the officials said, on condition of anonymity.

"It is a real concern," said one official. "It is quite clear from our conversations that they (Thailand, Indonesia and South Korea) have some sensitivities in precisely those sectors, as well as the domestic level."

"I mean the Korean government has been making an enormous amount of change in the way it administers its own economy. It is just very much easier to go forward with change if you are doing it in concert with your neighbours."

Leaders from 20 Pacific rim countries and Hong Kong, including US President Bill Clinton, will attend the APEC forum meetings in Kuala Lumpur, Malaysia, on Nov 17-18.

The United States, Australia and New Zealand have indicated they will urge APEC leaders not to retreat.

## IEA cuts forecast for global oil demand

PARIS, Nov 9: The International Energy Agency (IEA) has reduced its forecast of world demand for oil this year by 0.2 million barrels per day and that for expected demand next year by 0.4 million barrels per day, the agency said today, reports AP.

Demand would rise by only 0.6 million barrels per day this year to 74.3 million barrels per day and would rise to 75.6 million barrels per day in 1999, the agency forecast.

World demand for oil increased only slightly in October to 74.20 million barrels per day from 74.14 million barrels in September, the agency said.