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DHAKA, FRIDAY, NOVEMBER 27, 1998

Brent oil sticks to historic low price

LONDON, Nov 26: The price of Brent, the reference North Sea oil, remained close to a historic low point yesterday as the Organisation of Petroleum Exporting Countries (OPEC) prepared to meet in Vienna, says AP.

January contracts for Brent rose to 11.20 dollars on opening from 11.19 dollars at close on Tuesday, the lowest closing price on record since trading began on London's International Petroleum Exchange in June 1988.

During trading on Tuesday, Brent fell to its historic low of 11.13 dollars a barrel, the International Petroleum Exchange announced Wednesday.

Few analysts expect the once mighty OPEC organisation to be able to steer the commodity out of its slump, caused by overproduction and falling demand.

OPEC has already promised to cut output by 2.6 million barrels a day this year but analysts say that the cuts have not been fully implemented.

On Tuesday, Mexican Energy Minister Luis Tellez complained about OPEC members violating production cutting accords and warned that Mexico may increase its sales of crude.

While Mexico is not a member of the oil cartel, it is attending the Vienna meeting as an observer. "Mexico will protect its markets," he said.

IMF chief says worst of world crisis is over

MADRID, Nov 26: Michel Camdessus, director-general of the International Monetary Fund, said Wednesday that the worst of the global financial crisis is over, a Spanish news agency reported, says AP.

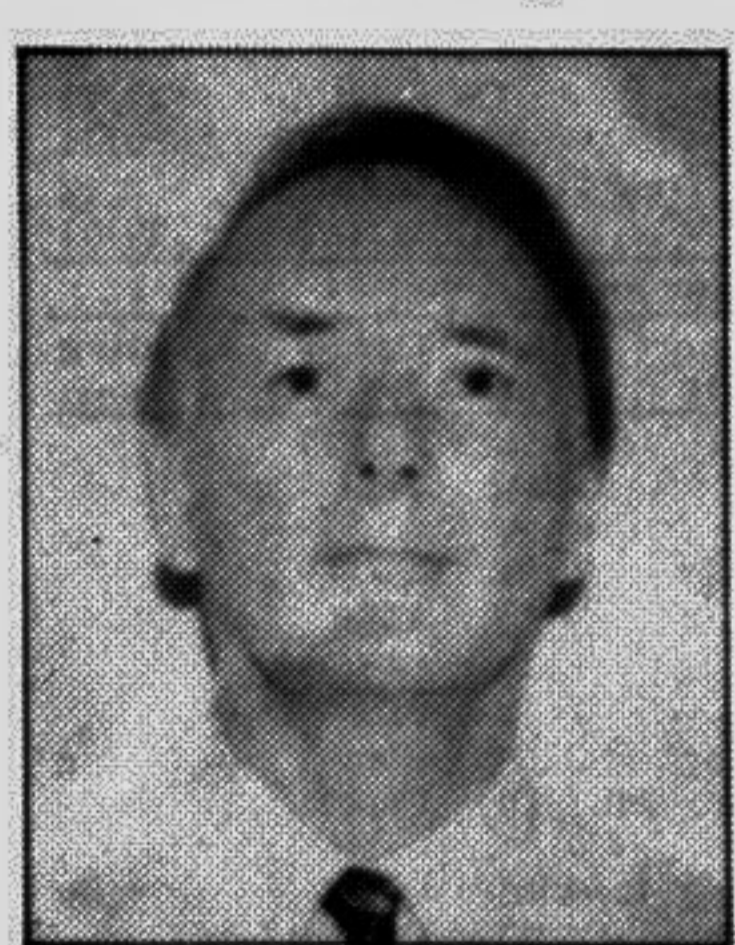
Camdessus said it was possible to avoid a global recession, although the risk hadn't completely disappeared because "the treatment has only just started," the state-owned news agency EFE quoted him as saying.

"To those frivolous commentators and prophets of doom who've been chronicling the death foretold of the Brazilian and Latin American financial system, I say today what I said yesterday: The Latin American domino won't fall," the agency quoted Camdessus as saying during a Madrid meeting of Spanish business leaders.

The IMF chief reserved particular praise for what he called Brazil's "courageous" three-year economic and financial reform programme.

Camdessus also promised the IMF would not abandon the crisis-ridden Russian economy, but that "Russia must first show it is willing to help itself."

BOC Group's Asia chief in city



Star Business Report

BOC Group's Chief Executive for Asia, Hugh Careless, is in the city on a two-day visit.

This is his first visit to Bangladesh and during his stay he will meet the Board of Directors and senior management officials of the company, says a press release issued yesterday.

He held line and functional positions in the UK, the US and Southeast Asia and carries with him 30 years of experience in the operational and marketing management before taking up his current position.

Rejoinder

Bangladesh Match Co. Ltd yesterday contradicted a news item published in The Daily Star yesterday titled "Bankers colluded with top businessmen to burden NCBs with Tk 4466 cr in bad loans".

In the report, prepared on the basis of 1996-97 audit, it is mentioned that Rupali Bank Ltd has an unrealised amount of Tk 8.47 cr with Bangladesh Match Co, a subsidiary of MM Ispahani Ltd.

"For better understanding for you and your valued readers we would like to explain the real situation. As a matter of fact we had a dialogue with the management of Rupali Bank Ltd during 1997 and the stated amount was rescheduled for payment according to the regulation of the bank. Bangladesh Match Co is regularly paying the rescheduled instalment and our instalment upto November 1998 is duly paid. So in no way this amount can be termed as classified or unrealised."

The Daily Star replies: Our story was based on 1996-97 audit reports certified and duly signed by Comptroller and Auditor General of Bangladesh.

OPEC meet ends without any accord on production cut

VIENNA, Nov 26: OPEC ended a rancorous year-end meeting Thursday without even a minimum agreement to extend oil production cuts, saying it would review the situation again in March, says AP.

OPEC secretary-general Rilwanu Lukman said the organisation will take whatever measures are necessary at that time to try to boost oil prices, but there will be no policy changes in the meantime.

The reason for the failure to take action wasn't immediately announced, but the official meeting already had been pushed back from Wednesday because of the internal split.

Analysts had said that extending production cuts to the end of 1999 was the bare minimum action needed to prop up rock bottom oil prices, flirting with 12-year lows.

Some delegates had voiced hope a 2.6 million barrel-a-day

cut that the Organisation of Petroleum Exporting Countries set in June to run for six months could be extended to the end of 1999.

OPEC did decide to realign its annual meeting schedule, and will meet from now on in March and September rather than June and November its secretary-general said afterwards.

Cartel president Obaid bin Saif Al-Nasseri, who also is the

United Arab Emirates oil minister, acknowledged in an opening speech to delegates that a "strong bearish sentiment has set in" on the world market.

Meanwhile, OPEC oil ministers were focussing on quota-busters ahead of a ministerial meeting here later yesterday to try and find a way to boost sagging prices.

Oil prices meanwhile fell to their lowest level in a decade in London late Tuesday, when Brent crude for January delivery fell to 11.13 dollars a barrel before closing the session at 11.19, as analysts held out little hope of OPEC action to reverse the slide.

Mexico, not an Organisation of Petroleum Exporting Countries member, but attending the Vienna meeting as an observer, complained late Tuesday that some OPEC countries were not fully respecting their pledge to cut output and threatened to increase its own output if the situation did not improve.

Energy Minister Luis Tellez, speaking in Mexico, did not name any particular OPEC members, but according to outside analysts both Venezuela and Iran are still producing more oil than agreed at a meeting here in June.

According to OPEC figures, Iran should now be producing 3.2 million barrels a day, and Venezuela 2.84.

But the latest figures from the International Energy Agency (IEA) put Iranian production in October 3.50 million barrels a day and that of Venezuela at 2.93 million.

Iranian Oil Minister Bijan Namdar Zangeneh told journalists that Iran implemented its cuts "from actual production" but refused to give any figures for the baseline level or for its current output.



Secretary General of the Organisation of the Petroleum Exporting Countries (OPEC) Rilwanu Lukman from Nigeria (centre) is accompanied by two unidentified officials as he arrives at OPEC headquarters in Vienna Wednesday for the year-end meeting of the OPEC conference. — AP/UNB photo

Economic crisis helps bring China, Japan together

TOKYO, Nov 26: Bitter wartime memories and decades of Cold War division stand between Asia's political and economic powerhouses. But a major force is helping bring China and Japan together: the region's economic crisis, reports AP.

Chinese President Jiang Zemin arrived in Japan Wednesday — the first visit by a Chinese head of state since World War II — to begin a trip trumpeted as opening a new partnership between Tokyo and Beijing.

A cornerstone of that new relationship is the economy. Japan is the region's top source of aid and investment; China needs all the help it can get to fend off crisis and develop its vast economy.

For Japan, closer ties with Beijing — and a stronger Chinese economy — can anchor stability in a region where North Korea is still a wild card and Southeast Asia is caught in financial and political turmoil.

"We want the visit to be the beginning of the establishment of a stable relationship between Japan and China toward the 21st century so we can cooperate in vital international issues," Japanese Chief Cabinet Secretary Hiromu Nonaka said Wednesday before Jiang's arrival.

A first step in clearing the way for the future is dealing with the issues of the past — like Japan's invasion and occupation of much of China in the 1930s and 40s. Japanese news reports said the two sides had agreed that Prime Minister Keizo Obuchi would offer an oral statement of Tokyo's remorse over the war when he meets with Jiang on Thursday.

The statement follows a similar action earlier this month, when Obuchi offered visiting South Korean President Kim Dae-Jung Japan's fullest apology yet for its 1910-1945 colo-

nial rule over the Korean Peninsula.

Another major issue is Taiwan.

Jiang was coming from a trip to Russia, where he obtained promises that Moscow would not undermine China's claim to Taiwan and not sell weapons to the island, which Beijing considers a renegade province.

Japan does to sell weapons abroad, but Taiwan is watching nervously to see whether Jiang will extract Tokyo's promises not to otherwise support the island, whose government enjoys some backing from conservative Japanese politicians.

The Chinese are also eager to see Japan promise that recently updated defense cooperation guidelines with the United States do not require Tokyo to join any US military actions around Taiwan.

But settling those differences

Al-Arafah Bank opens branch at Chaumuhani

Star Business Report
As new branch of Al-Arafah Islami Bank Limited has been opened at Chaumuhani in Noakhali.

With this, the total number of branches of the bank comes to 27, says a press release.

Kazi Mohammad Mofizur Rahman, Director of the bank, was present as chief guest while A Z M Shamsul Alam, Chairman of the Board of Directors was present as special guest on the occasion.

The chief guest in his speech said over the past years the bank has been able to boost up its overall performances in terms of deposit mobilisation and profit maximisation by virtue of efficient management.

could pave the way for the main thrust of Japan-China relations in the coming decades: the economy.

Even with political strains, economic ties between the two countries are blossoming. China is Japan's second-largest trading partner and Japan is China's largest, with annual trade volume of more than \$60 billion.

The Asian malaise has made those ties even more important. Through China has so far avoided the meltdown that has wiped out neighbours in South Korea, Thailand and Indonesia, its economy faces major problems. State-run industries are deep in trouble, and unemployment is on the rise.

This comes at a time when Japan's aid is expected to drop and Japanese investors are increasingly wary as Tokyo grapples with its own sour economy.

"China has to maintain a certain level of economic growth," said Satoshi Amako, political scientist at Aoyama Gakuin University in Tokyo. "To do that, it needs to encourage investment from overseas, including Japan."

But even as the country's top leaders are planning cozier ties, signs of lingering divisions remain.

Japanese right-wing groups — which have revived China for its communist government — planned to demonstrate during Jiang's visit in protest of its calls for a wartime apology.

China also faces criticism of its human rights record in Japan. Supporters of Tibetan autonomy scheduled a dinner, given by a former Japanese lawmaker, and a statement on Thursday.

The London-based Amnesty International also plans a rally after Jiang's arrival to push for more human rights punishments and an end to capital punishment in China.

Indonesian economy may see modest growth in '99

JAKARTA, Nov 26: The Indonesian government said yesterday it was hopeful its battered economy could see "modest growth" resuming in the middle of next year, and that plunging output declines this year could be contained at 15 per cent, says AP.

In a letter to International Monetary Fund (IMF) Managing Director Michel Camdessus released here, Indonesia's top Economic Minister, Ginanjar Kartasasmita, said he based his optimism on the prospect of output stabilising in the next two quarters.

The letter, a regular monthly review of the economy required by the IMF as a part of its conditions for a 46 billion dollar bailout, also said the budget for the next financial year beginning March 1999 could "anticipate modest positive growth."

Indeed, some sectors are already showing a modest

turnaround," said the coordinating minister for the economy, finance and industry.

Ginanjar also said the latest figures pointed to being able to contain inflation for this financial year at 80 per cent, and a fall towards 10 per cent in 1999, close to pre-crisis levels.

The rice situation in the country had "stabilised," he said, with retail and wholesale prices declining by some 15 per cent in most regions since September.

"Thus we are confident of maintaining rice stability in the coming months," the letter said, adding the government would expand subsidies and social safety net programmes targeting the millions of Indonesians hardest hit by the financial crisis.

The targeted subsidised rice scheme reached six million families by end-October and

will be substantially expanded in the coming month.

Heavy emphasis was placed on banking reforms and restructuring as well as the strengthening of the regulatory framework for the country's 200 banks, many of which have gone belly-up due to the crisis catching them with massive bad loans.

Ginanjar said that since last month further progress has been made in the development of a foreign exchange monitoring system.

"Bank Indonesia (BI) is preparing a regulation requiring banks to report daily their sales and purchases in the exchange market, in a prescribed format. This should enable BI to monitor foreign exchange flows. On a more timely basis than is possible with existing data collection systems," it said.

EU agrees on \$113b budget for 1999

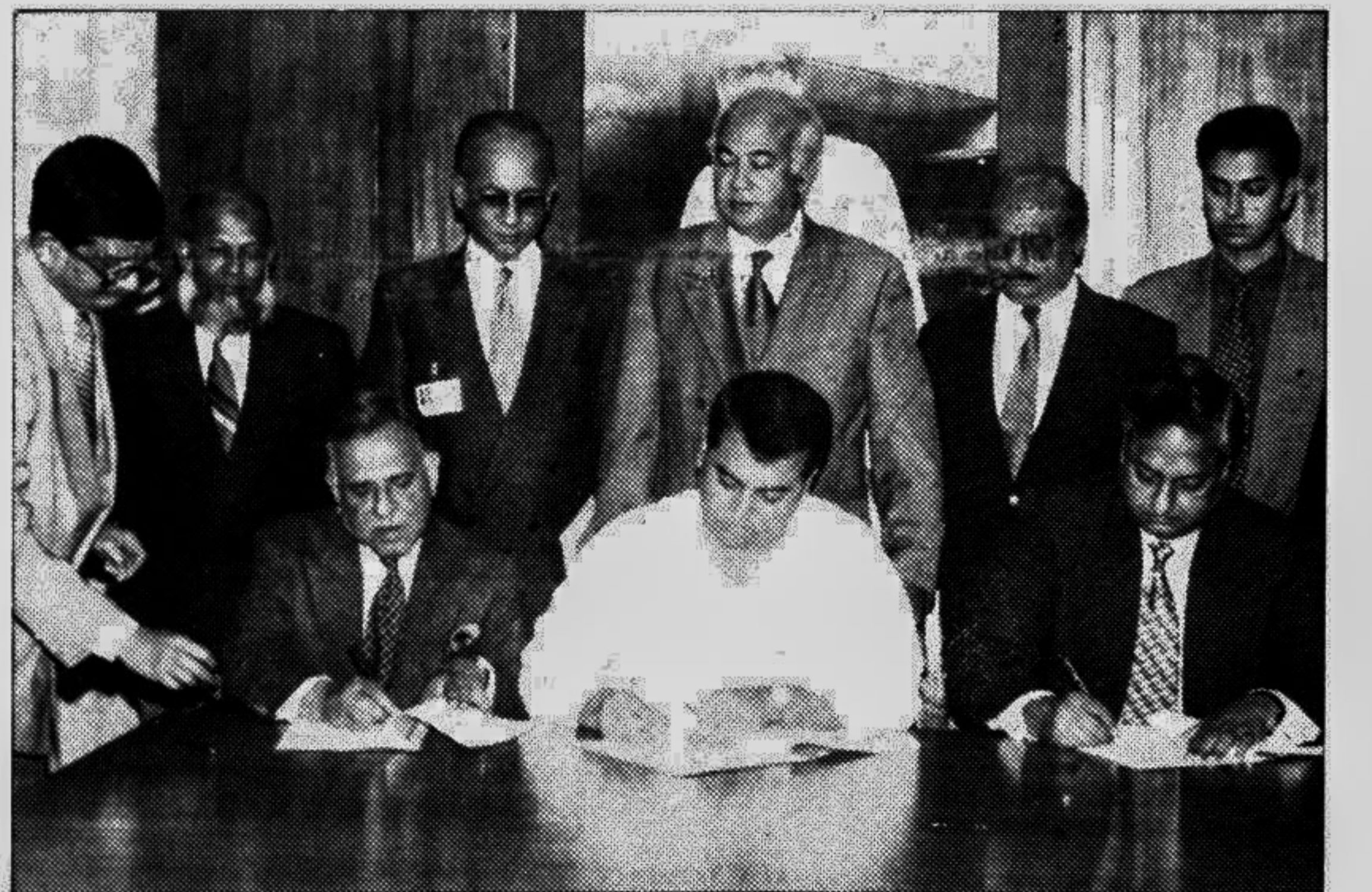
BRUSSELS (Belgium), Nov 26: Representatives of the European Union governments and the European Parliament have agreed to fix the EU's 1999 budget at 96.9 billion European currency units (\$113 billion) — up 7.7 per cent from this year, reports AP.

The deal with the EU assembly's budget committee was reached late Tuesday.

It is expected to be approved by the full parliament next month. As always, the biggest slice of spending — 40.4 billion euros (\$47.8 billion) — will go to farm spending, mostly subsidies to guarantee prices for farmers.

Aid to the EU's poorer regions will account for 39 billion euros (\$46 billion); assistance to non-EU nations 6 billion euros (\$7 billion); administrative costs 4.4 billion euros (\$5.2 billion).

The year-on-year rise in total EU spending results primarily from a near 17 per cent increase in development funding for poorer regions.



Sabar H Chowdhury, Deputy Minister for Shipping, PRS Oberoi, Vice Chairman and Managing Director of EIH Limited, and Syed Shahabuddin Ahmed, Managing Director of Asia Business Network Ltd, sign the MOU on behalf of their respective organisations in the city on Monday.

Israel, Palestine ask US to dig deep in its pocket

JERUSALEM, Nov 26: Israel and the Palestinians are both asking the United States to dig deep in its pockets to help them strengthen their claims in the West Bank, at a price that may exceed \$1.6 billion, reports AP.

Israeli officials have hinted that the pace of a West Bank pullback, part of the US-brokered peace accord reached last month, may depend in part on receiving the money that President Bill Clinton promised to sweeten the agreement.

Israel is expected to ask for \$1.2 billion, officials said. Its

finance minister, Yaakov Neeman, left for Washington, DC, on Sunday to request aid to fortify Jewish settlements and build roads that bypass Palestinian towns — controversial items that US officials may resist.

Palestinians are lobbying for \$400 million to \$500 million to build a road network that will knit their scattered villages and towns together and pave the way for statehood. But they oppose the use of US aid to make Jewish settlers more secure and Israel's confiscation of land to build the roads.

For the United States, the requests pose a dilemma of rising expectations and conflicting political aims.

Moshe Fogel, spokesman for Israeli Prime Minister Benjamin Netanyahu's government, said the purpose of the aid was to "minimise potential friction" after the next pull back — which will leave a dozen Israeli settlements surrounded by Palestinian-controlled lands.

"That would include the construction of additional bypass roads, but it would also mean installing the type of protective

and security devices that would improve the local settlements' ability to deal with potential threats," Fogel said.

Jewish settlers published a letter Sunday calling on the Israeli government to provide armoured buses for schoolchildren, build lookout posts along key roads, construct helicopter landing pads in all settlements and issue military equipment for settlements, including machine guns, tear gas and rubber-coated bullets.

Palestinian officials said the United States should not sanction the confiscation of land or help the settlers sink deeper roots into war-captured land the Palestinians want for a future state.

"We hope that the Americans will take into consideration that the money they give is not going to reinforce the Israeli and Jewish presence in the West Bank and Gaza Strip," said Mohammed Ishtayeh, head of the Palestinian agency that channels foreign aid to projects. Continuing the "colonial presence" was a "dangerous scenario," he said.

Ishtayeh said the Palestinian need for aid was "huge" and he hoped the Americans could pick up the tab for the new programme. He said \$ 300 million was needed to build 150 miles (240 kilometres) of road linking villages and towns, and up to \$ 200 million was necessary to repair main highway arteries between cities.

Until now, the United States has provided Israel with \$3 billion a year in total aid but negotiated a reduction of the \$1.2 billion a year in economic aid over the next decade. US aid to the Palestinians averages about \$70 million annually.

Bad loan write-offs Eight Japanese banks to seek \$34b

TOKYO, Nov 26: Eight of Japan's top commercial banks will together ask for up to 4,100 billion yen (\$34 billion dollars) in public funds to help write off bad loans, according to bank plans revealed by Friday, reports AP.

Many top banks warned they will tumble into the red for the second straight year as they struggle to clean out their snowballing bad debt.

Only the giant bank of Tokyo-Mitsubishi Ltd has not said it will ask for an injection of taxpayers' money, preferring to raise money from its allies

and sell off assets.

Pressure has mounted on the banks to bow to the inevitable and take public money, agreeing at the same time to slice staff numbers and shut branches.

Japan's bank reforms, finally enacted last month after weeks of delay, set aside a huge 60 trillion yen fund of public money and encouraged banks to voluntarily ask for cash to help them prop up their capital.

US President Bill Clinton, in Tokyo for summit talks with Prime Minister Keizo Obuchi, drilled the point home.

500,000 IT jobs in Europe still unfilled

BRUSSELS, Nov 26: Over 500,000 jobs in Europe's Information Technology (IT) sector are currently unfilled because of skill shortages, a European Commission report published yesterday said, reports AP.

A failure to address these shortages urgently will "carry a heavy price" for EU countries' growth and competitiveness, as well as for employment levels, the report warned.

To address the crisis, the Commission said the European Union had to do more to encourage start-up firms in the sector and boost IT training in schools and colleges as well as for people already in work.

Underlining the potential of information-related industries, the report said the EU audiovisual market would grow by 70

per cent by 2005, creating up to 300,000 new jobs, another 150,000 jobs would be created if other EU countries matched Finland's mobile phone density.

A report published by US computer giant Microsoft in September said that the number of unfilled IT jobs in Europe will have grown to 1.6 million by 2002, seriously undermining the capacity of Europe's businesses to embrace new technologies like the Internet.

That report warned that the huge tasks of adapting computer systems to cope with the millennium bug and the switchover to the single European currency were soaking up scarce IT personnel, preventing companies from addressing issues like the training and reskilling of the boarder workforce.

MOU to set up 5-star hotel signed

Star Business Report
A memorandum of understanding (MOU) for a joint-venture company to set up a five-star deluxe hotel in Dhaka was signed recently between an Indian company EIH Ltd, Asian Business Network Ltd and a government organisation, says a press release.

EIH Ltd is a member of the Indian Oberoi Group of Hotels.

The proposed company will construct a Five Star Deluxe Hotel to be named The Oberoi, Dhaka.

The hotel will consist of approximately 225 rooms and suites with all the facilities of a five star deluxe hotel. The project will be financed through a mix of 60 per cent debt and 40 per cent equity. Bangladeshi promoters will share 51 per cent equity and Indian promoter 49 per cent.

The hotel is expected to be opened by October, 2001.

Sabar H Chowdhury, Deputy Minister, Ministry of Shipping, on behalf of the Government organisation, PRS Oberoi, Vice-Chairman and Managing Director of EIH Limited and Syed Shahabuddin Ahmed, Managing Director, Asian Business Network Ltd signed the MOU.

BT, AT&T venture faces European probe

BRUSSELS, (Belgium), Nov 26: European Union regulators will launch a four-month probe into the proposed \$10 billion alliance between British Telecommunications PLC and AT and T Corp, the EU's top antitrust official said Wednesday, reports AP.

In a new conference, EU Competition Commissioner Karel Van Miert confirmed comments by EU officials that the venture would face further scrutiny.