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DHAKA, FRIDAY, DECEMBER 11, 1998

### Japan unlikely to cut aid to Sri Lanka

COLOMBO, Dec 10: Japanese officials said yesterday they expected no cut in financial assistance to Sri Lanka despite a possible reduction in Tokyo's global aid, reports Reuters.

"Our budget for aid is decreasing. Already this year our budget for aid has been cut by 10 per cent. (But) I do not expect a reduction in total aid to Sri Lanka," Yataka Yokoi, Director, Loan Aid Division of Japan's Ministry of Foreign Affairs, told a news conference in Colombo.

Sri Lanka was one of several countries which would not see its assistance from Japan shrink, he said.

"If we find good projects we are willing to finance those projects. Sri Lanka is doing well to prepare good projects for loan and grant aid," Yokoi said.

The Japanese delegation was in Sri Lanka to discuss economic cooperation.

Sri Lanka is the ninth largest recipient of Japan's bilateral aid. Japan has traditionally been Sri Lanka's biggest donor.

Japan this year signed loan agreements totalling 26.1 billion yen (221 million dollars), Japanese Embassy officials said.

Details of other forms of financial help, such as grant aid and technical assistance, were not immediately available.

In 1997, Japanese assistance made up almost 70 per cent of total bilateral assistance and almost 40 per cent of total international assistance to Sri Lanka.

Since 1954, when the Japanese cooperation programme began in Sri Lanka, the Japanese government has provided 463 billion yen for loans, 146 billion yen for grants and 35 billion yen for technical cooperation.

(US dollar 1 = 118.10 yen)

### Indian govt airlines to merge

NEW DELHI, Dec 10: India's two state owned airlines have decided to merge in three years, reports said today, says AFP.

The chiefs of the loss-making Air India and Indian Airlines have agreed to set up a common company with a joint management, paving the way for their merger, the Press Trust of India (PTI) said.

Air India is the country's international carrier while Indian Airlines is one of the biggest domestic airlines in the region.

Both airlines are in the red, over-stuffed and notorious for delays. Air India last month appealed for government help to tide over mounting losses, saying its survival was at stake.

A national commission in August advised the government to shed 60 per cent of its holding in Air India and find a strategic partner.

The Indian Express newspaper quoted Indian Airlines Chairman PC Sen as saying: "The (managements) have set the ball rolling for the eventual merger."

"We will first form a (new) company, followed by a programme in which key departments will be merged. The merger of the two airlines will take place after three years."

### PAL trying to revive talks with Cathay Pacific

MANILA, Dec 10: Ailing Philippine Airlines is trying to revive talks with prospective investor Cathay Pacific Airways, which backed out of negotiations for a possible controlling stake in the Philippine flag carrier, a PAL official said Tuesday, reports AP.

If Cathay Pacific is unwilling to restart the talks, PAL will consider investment offers from other foreign airlines. PAL executive vice president Manolo Aquino said.

Cathay Pacific officials were not immediately available for comment.

PAL closed for nearly two weeks on Sept 23 following labour disputes and mounting losses worsened by Asia's financial crisis. It then began negotiations with Cathay Pacific, but the Hong Kong carrier announced last week it was pulling out of the talks.

Finance Secretary Edgardo Espiritu said the companies disagreed over management control of PAL and the timing of Cathay Pacific's capital infusion into the Philippine carrier.

Cathay Pacific wanted full management control of PAL, but the companies were unable to agree on how to deal with a constitutional prohibition of foreigners controlling key industries in the Philippines.

Cathay Pacific also refused to put its money into PAL until after a PAL rehabilitation plan is approved by creditors and Manila's corporate watchdog, the Securities and Exchange Commission, Espiritu said.

PAL submitted the plan to SEC on Monday.

## Silicon glitz starts in city

Country's biggest-ever silicon razzmatazz began in the city yesterday with a view to giving the public an exposure to the latest innovations, reports AP.

Organisers said the extravaganza is designed for display of a wide range of products under the same roof. Different companies are offering their products on discount rates at the five-day show at IDB Bhaban, Agargaon.

Inaugurating the fair, Finance Minister Shah AMS Kibria, expressed the hope that the exhibition would go a long way in popularising information technology in the country as a preparatory move to the next millennium.

Attended by business leaders and computer experts, the function was also addressed by Commerce and Industries Minister Tofail Ahmed.

Kibria said that a sufficient number of highly-skilled IT manpower in different categories was a key to the growth of IT and software industry.

For producing skilled man-

power in the sector, he called for setting up more and more computer training centres for propelling human resources development to the desired level.

He said that the government was committed to extending all our support to promote this 'thrust sector'.

As many as 151 companies and vendors are displaying their products in the tastefully decorated stalls on the huge 100,000 square feet floors of the IDA Bhaban.

Of them, 77 are hardware and 37 software companies, 18 training institutes, seven internet service providers and 12 computer related publication houses.

The special attraction of the show is four 'international heavyweights' — Apple, Intel, Novell and Goldkist — participating directly with their latest items.

Besides, products of 40 foreign manufacturers are on display through their local agents.

Addressing the function, Tofail Ahmed said the government has implemented most of

the 45 recommendations of the Experts' Committee, set up to suggest measures for the development of computer technology and the industry as a whole in the country.

Tofail expressed his resentment over the IT training centres, which, he said, usually charges higher fees, but are yet to produce new programmers.

The minister said in pursuance of the experts' suggestions the government took tangible measures for achieving the target of export earnings to the tune of 2-3 billion US dollars within five years.

"But nobody knows the figure of the software export so far," said the Minister, urging for proper mechanism to monitor software export volume.

"More than 90 per cent of these exports are non-physical in nature," he observed.

What the country needs is materialisation of the aspirations to do something concrete for properly exploiting the country's vast human resources, he said.

Tofail said that the govern-

## New IT products for a novel way of life

By M Shamsur Rahman

Does computer technology sound like a death-knell for the note-taking private secretaries?

A new software displayed at the BCS International Computer Show 1998 may as well give rise to the question in anybody's mind.

Using the software, a person can type 150 words a minute without knowing typing. His voice is enough to do the job.

One has to simply talk into a microphone in a soundless environment and his words would be on the screen.

Dragon Naturally Speaking Standard, the new software, attracted a huge crowd at the Microtel stall.

An office executive can buy this software at a cost of Tk 7,800 to get his secret office orders or letters typed instead of disclosing it to his PA.

Another new product introduced at the show is the Digital sender, which almost instantly scans a printed document and enables the user to print, duplicate, fax or E-mail it.

The regular price of the device is Tk 19,000 but it is offered at a discount rate of Tk 14,500 at the fair and the new system has attracted a good number of crowd.

Another new product introduced at the show is the Digital sender, which almost instantly scans a printed document and enables the user to print, duplicate, fax or E-mail it.

## Convertible mark coins put into circulation in Bosnia

SARAJEVO, Dec 10: The first coins of Bosnia's new money — the convertible mark — were put into circulation yesterday, the central bank said in a statement issued here, reports AFP.

Some 600 bags containing 204,000 coins in 10-venning denominations were delivered to Bosnia's payment bureau to be distributed, but "because of the gradual process of delivery, it may take up to a week before coins are available in any particular area," the central bank said.

Up to now, the smallest denomination available was the one convertible mark banknote. Many shopkeepers had taken to handing out chewing gum as 'change' for amounts less than that.

According to the central bank statement, 50-venning coins are to be distributed next week, while 20-venning coins are to be delivered on Thursday.

The convertible mark, a common money designed to replace the separate currencies in use by the country's Serb, Croat and Muslim communities, was imposed by the international community's top mediator in Bosnia, Carlos Westendorp, after Bosnia's collective presidency failed to agree on a design.

In circulation since June, the money is pegged to the German mark.



Finance Minister SAMS Kibria and Industries Minister Tofail Ahmed take close looks at a computer while BCS President Aftab Ul Islam looks on at the BCS International Computer Show 1998, which began in the city yesterday.

## ADB to help Pakistan sell power to India

ISLAMABAD, Dec 10: The Asian Development Bank has offered technical help for Pakistan's plan to sell surplus electricity to India, a senior ADB official said Wednesday, reports AFP.

"We very much welcome the proposal and will be very pleased to support it," G H P B Van Der Linden, Director of the programmes department in the Manila-based Bank, told reporters.

The proposed deal envisages the sale of 2,000 megawatts by Pakistan. Negotiations are continuing, with political problems clouding the relationship between the two countries.

Linden is heading an ADB mission for talks on loan programmes worth around 800 million dollars for Pakistan, including support for export promotion and reforms in the power sector. Talks are due to end Thursday.

The ADB official said he was optimistic that an agreement would be reached "very soon" between Pakistan and the International Monetary Fund, enabling the country deal with its economic crisis.

Pakistan is seeking formal approval of a 5.5-billion dollar package, which includes loans from the IMF and other international financial institutions and rescheduling of payments of its 32-billion dollar foreign debt.

The IMF Executive Board is expected to meet in January to approve an accord finalised in talks here recently by an IMF mission.

Linden said an agreement would improve prospects for other international lending and enable the ADB to continue its annual assistance averaging 500 million dollars to Pakistan.

He emphasised the need for Pakistan to increase revenues and implement economic reforms to cut its budget deficit.

## Recession may force 5m Thai children to leave school

BANGKOK, Dec 10: More than five million Thai children could be forced out of school for lack of money as the country's economic crisis affects their families, the United Nations International Children's Fund said on Wednesday, reports AP.

"We're asking the government to loosen up its education policies so that these families with less money will be encouraged, not discouraged from sending their children to school," said Pida Shah, head of the UNICEF office in Bangkok.

Thailand is in the midst of its most severe economic crisis in modern times.

Shah said that while the five million figure is a rough estimate, families suffering hard times don't have money to pay tuitions, or perhaps buy books, school uniforms or afford school lunches for their children.

While only private schools charge tuitions, children in public schools must buy their own books and uniforms. Many schools charge fees for extracurricular activities or use of school computers in the classrooms.

The fees are compulsory, and the government would be better off relaxing such requirements in order to keep children in the classroom, Shah said.

His statements coincided with the release of the UN's State of the World's Children 1999 report and the launch of a UNICEF-sponsored programme in Thailand to convince parents to keep their children in school.

The report estimated that there will be three million Thais unemployed in 1998 and even more earning less than minimum wage. School enrolments at all levels are also down, the report said.

The UNICEF programme is designed to inform parents of the long-term benefits of keeping their children in school and letting financially-troubled families know that there are government and private-sector scholarships and financial aid available.

"But you only learn about these opportunities if you are in the school system, not outside it," Shah said.

Economists have criticised Thailand's education system as not producing the kind of workers needed to handle higher technology jobs, and therefore hindering the country's efforts to achieve sustainable development.

They say the system is too centralised, not meeting the needs and requirements of local communities, and relies too heavily on rote learning which does not encourage creative or independent thinking.

## Indian economy shows no signs of recovery

BOMBAY, Dec 10: India's more than two-year-old economic slowdown shows no signs of reversing and growth rates are set to fall further, analysts said today, reports AFP.

"We were expecting a pick-up last month, but unfortunately there are no signs yet of any recovery," said Divesh Kumar at foreign brokerage ABN Amro Equities.

Kumar said no major investment decisions were being taken either by the private sector or by the government.

"Recovery can take place only if investments begin in infrastructure, where the need for funds is massive," he said.

India's economy grew 5.1 per cent in the year to March 1998, down from 7.5 per cent the previous year.

The government has targeted growth of six per cent in the current fiscal year.

India's economic slowdown began in October 1996, about the time when political instability hit New Delhi. The country had been ruled by weak coalitions since then.

The present ruling Hindu nationalist coalition came to power in March promising stability which it has so far failed to achieve.

"Political instability hits the reforms. Though most major decisions concerning the reforms have been taken, implementation has slowed down drastically and this is hitting the economy," said Subhraj Subramaniam at foreign brokerage Warburg Dillon Read.

Subramaniam said the economy was expected to grow 4.2 per cent in the year to March 1999.

"Exports are sharply down due to the slowdown in international trade. This year (to March 1999) exports are expected to report negative growth of 5.0 per cent, from a growth of 4.0 per cent last year."

"There is excess capacity in industry, both domestic and global, so investments in industrial capacity expansions are out," he added.

"For the year to March 2000 also we expect the economy to grow about 4.5 per cent," he said.

Analyst Rajan Govil, at foreign brokerage HSBC B and K, said the slowdown was getting worse.

## Emirates honours top passenger, cargo agents

Emirates Bangladesh honoured its top passenger and cargo agents of 1997-98 at a ceremony held at Pan Pacific Sonargaon Hotel on Monday, says a press release.

Top passenger agents for 1997-98 were Aeroways Ltd, Air Trip International Ltd, Vantage Tours and Travels Ltd, Travel International Ltd, Bengal Travel and Tourism Ltd, Victory Travels Ltd, Jonaki Travels Ltd, The Travel Channel, Versatile Travel & Tours Ltd, Travelscene Ltd.

Top cargo agents for the year were ExpoLanka Bangladesh Ltd, Transportation Ltd, Trade Clippers Cargo Ltd, Novo Cargo Services Ltd, Transair International, Dart Express Bangladesh (Pvt) Ltd, Excel Freight System Ltd, Bangladesh Air Express International Ltd, Wings Air Cargo Ltd and International Cargo Ltd.



Mohammed Salem Al Suwedi, Charge d'Affaires of the UAE Embassy in Bangladesh, hands over the Golden Dhaw to Top Cargo Agent (1997-98) to Mahbubul Anam, Managing Director of ExpoLanka Ltd. —Emirates photo

## European merger spree a chance for making quick bucks?

The merger mania that has gripped Europe's corporate landscape has dollar signs ticking over in the eyes of some share investors.

There is no doubt that the current wave of consolidation in many industries provides opportunities for quicker profits as predatory companies offer attractive prices to snare competitors.

However, buying shares in rumoured takeover targets in the hope of windfall gains leaves more investors high and dry than it creates winners.

Picking the next merger candidate is hard enough, doing so before everyone else jumps on board, then picking the right time to sell makes for a dangerous investment game.

However there is no denying the opportunities exist. Peter Sullivan, European equity strategist at Goldman Sachs, said: "We're nowhere near the end of this merger wave. I think we could see it go on for years."

Understanding why its happening helps to identify where activity will next appear.

European Monetary Union means big firms must have a pan-European presence.

Intense competitive pressure in a climate of low inflation means prices are not rising and firms must cut costs to raise profits. One way to do this is to combine with a competitor and rationalise both businesses.

Low commodity prices are forcing mergers in many industries purely for survival.

The financial, energy and pharmaceutical sectors are leading the way. Other sectors tipped include chemicals and metals, beset by declining commodity prices, while car-makers and telecommunications face tough competition and rationalisation must take place.

seen share prices among the others.

However, the smaller national oil companies will have to rationalise too. Mr Urquhart-Stewart said. "And smaller producers and explorers, which are deeply unfashionable at the moment, will eventually see some merger activity." He sees Enterprise and Lasmo as prime candidates.

One analyst who declined to be named believed Total's takeover plans did not end with Petrofina and predicted a merger with its French rival Elf Aquitaine.

There was also speculation that pharmaceutical companies were ripe for mergers earlier in the year but this has eased off after market turmoil mid-year. They should move up again and Zeneca provides the best scope for share price gain, according to Mr Urquhart-Stewart.

Smaller drug and biotech stocks will see merger activity but there are too many and they are too hard to pick, he added.

**Chasing the gains**

There are two ways investors exploit merger and takeover activity. Smaller companies taken over by a larger competitor are where speculators find the best gains. "In the US merger wave in the early 90s this was the way to make money," Peter Sullivan said.

In buying a majority share in their targets, such companies often pay well above the market share price. But after picking

the right stock, timing when to buy and then sell is another challenge altogether.

Get in early, the more speculation intensifies, the more investors will buy in and drive up the price. The old adage is often the best rule: Buy on rumour, sell on fact.

Once a takeover deal firms up, the unknowns become knowns and the scope for any speculative gain recedes.

More considered investors look for a longer-term investment, companies that will lift profits after successfully joining forces.

Look for a company doing the taking over that has a good record of buying firms and reaping the benefits, Mr Sullivan said.

**Reducing risk**

Other investors take a "scattergun" approach, picking one sector and buying a portfolio which covers many stocks within it.

"This makes a lot of sense," Mr Sullivan said, because even if you don't pick the right ones, merger activity in one industry usually sees shares rise across the whole sector.

Finally, don't buy a poor quality stock just because it might get taken over. Mr Urquhart-Stewart warned. "Buy a good quality company and you should at least get your money back if your merger hunt comes to nothing."

—BBC Internet

## TV operators predict a rosy future in Asia

SINGAPORE, Dec 10: Despite slower growth since the economic crisis struck Asia, cable and satellite television operators meeting in Singapore predict a generally rosy future for the industry in the region, says AP.

"We all agree it's been a very tough year in Asia for all industries, cable and satellite TV included," Frank Brown, president of MTV Asia, told The Associated Press on Wednesday during a conference of regional broadcasters.

But these TV operators will benefit from recent cost-cutting and efficiency-boosting measures, he argued, and quick growth will return when the region lifts itself out of the slow-down.

"I think we're over the worst of it already," said Brown. "I think by the second half of 1999 we'll start to see recovery and return to growth for individual economies of Asia and also for the cable and satellite industry regionally."

Last year, an estimated one in five Asian households already subscribed to a cable and satellite service, and the numbers will continue to rise, said Singapore's Information and Arts Minister George Yeo during a speech opening the three-day conference.

"Once the region recovers, which it would in a few years, the broadcast industry would resume its rapid growth," said Yeo.

Much of the sector's early growth was due to public enthusiasm over a wide choice of viewing choices after decades of extremely limited options.

CNBC Asia president Paul France said during a panel discussion.

CNBC Asia is a regional television news broadcaster owned by US companies.

Although optimistic about the industry's potential in Asia, France warned that viewers now are more discerning, so satellite and cable TV operators must customize and market their product more effectively to return to previously robust levels of growth.

He noted that several pay-TV markets in Asia have not yet progressed past the simple provision of choice.

While most Asian operators have been hurt by the crisis, some have managed to buck the trend of slower growth, MTV Asia, based in Singapore, has seen its distribution skyrocket since the regional economic slump started: from 57 million homes last year to 96 million homes.

MTV's Brown attributed this surprising performance to their aggressive marketing, careful attention to customizing their broadcast for particular countries and a young target audience that has not suffered from the downturn as much as other segments of the regional population.

But most cable and satellite services in Asia are especially eager for an end to the regional downturn, when advertising revenues are expected to pick up again.

## SIBL managers' confce held

Social Investment Bank Ltd (SIBL) branch managers' conference-1998 was held at the Board Room of the bank's head office on Tuesday, says a press release.

Alhaj M M Nurul Haque, Managing Director, inaugurated the conference. All executives and managers of the bank attended the conference.

The Managing Director in his speech evaluated the performance of different branches of the bank in terms of policy regarding deposit mobilisation, investment and resolving problems and issues of common interest for overall development of the bank.

Prof Dr M A Mannan, founder Chairman of SIBL, spoke of the aims, objectives and ideals of the bank.