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The Daily Star BUSINESS

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Fallout of crisis Four-fold rise in Indonesian poverty

JAKARTA, Dec 13: There had been a four-fold increase in the number of poor people in Indonesia following the Asian financial crisis, with some 100 million people now living in poverty, a report Sunday quoted a minister as saying, reports AFP.

Social Affairs Minister Yustika Baharsyah said the prolonged economic crisis suffered by the country since July last year has boosted the number of poor to 100 million, or close to half of Indonesia's some 202 million people, the Antara news agency said.

Speaking at the East Java town of Malang on Saturday, Baharsyah gave no further details, including the criteria for poor people.

More than 20 million Indonesians are unemployed as a result of a slump in production amid the economic crisis, the state-sponsored All Indonesia Federation of Workers has said.

T-bill auction results

The 15th auction of the 28-day, 91-day, 182-day, 364-day, 2-year and 5-year Treasury Bills were held today (Sunday), reports UNB.

Sixty-two bids for a total of Tk 797.50 crores, 10 bids of Tk 69.60 crores, one bid of Tk 5.00 crores, 5 bids of Tk 30.00 crores and 15 bids of Tk 148.00 crores were offered respectively for 28-day, 91-day, 182-day, 364-day and 2-year bills.

Of these, 37 bids for a total of Tk 538.50 crores of 28-day bill and 4 bids for a total Tk 24.10 crores of 91-day bill were accepted.

No bid was offered for the 5-year bills while the bids offered for the 182-day, 364-day and 2-year bills were not accepted.

The weighted average prices against the 28-day and 91-day bills were Tk 99.38 and Tk 97.81 per 100 taka respectively. The corresponding yields are 8.16 per cent and 8.95 per cent per annum.

Gemini Sea Food declares 10 pc dividend

Gemini Sea Food Limited has declared a 10 per cent dividend for the shareholders for the year 1997-98, says a press release.

The dividend was announced at the 16th Annual General Meeting of the company held at its factory premises at Rupsa in Khulna on Saturday.

The chairman of the company, Lt Col (Retd) Kazi Shahed Ahmed, presided over the meeting.

China loses \$5b on kickbacks from govt contractors

BEIJING, Dec 13: China lost an estimated 46.15 billion yuan (5.56 billion dollars) on kickbacks from government-awarded contracts in 1997, the China Daily said, reports AFP.

Last year, a total of 923 billion yuan (111 billion dollars) was spent on government purchases, but five per cent of governmental project investments are estimated to have ended up in private purses in the form of kickbacks or other corrupt payments, legal expert Zhu Shu Shaping told the newspaper.

Besides corruption, the lack of a systematic regulatory code and the excessive power of people in charge of purchasing also caused inefficient use of the money.

China currently operates a shady government purchasing system, with most contracts awarded outside a public bidding system, where the administrative subdivisions are free from financial surveillance.

A clear example of the major weaknesses of this system has emerged recently over the five billion yuan (602 million dollars) western railway station in Beijing.

Built between 1993 and 1996, the station was one of the biggest municipal projects launched during the corrupt mayoralty of former Beijing political boss Chen Xitong.

But within two months of its opening, more than a dozen giant cracks appeared in the 500,000 square meters (5.4 million square feet) structure, allowing rain and snow to pour through.

Graft proceedings have already been brought against seven people for providing fault supplies in return for major kickbacks, and authorities have promised a full investigation.

A new system which mandates public bidding for contracts has already started trial operation in some areas of China.

"In regions and cities where the new approach to purchasing is being trailed, costs have been reduced by an average of 10 to 15 per cent, and slashed by 30 to 50 per cent in some projects," the newspaper said.

But legislation is not expected to be finalised and passed until 2003.

Germany makes \$46.3m aid commitment to Bangladesh

A top German bureaucrat who has negotiated US\$46.3 million grant assistance for Bangladesh for 1999 strongly prescribed political stability, security and more reforms for the capital-strapped country to attract foreign private investment, reports UNB.

"I'm very frank, political stability and security is very important, otherwise you cannot expect foreign businesspeople in your country," said Bernhard Schweiger, Director General of Germany's Federal Ministry of Economic Cooperation and Development.

Talking to UNB, Schweiger, who led an 11-member team at the German Bangladesh negotiations on development cooperation in Dhaka with his Bangladeshi counterpart, said: "Political differences should be discussed by the government and the opposition and settled for the interest of this country."

He said economic people in Bangladesh also pronounced how hartal damages economy. "It's (hartal) a problem here, it does not give good impression and this is not only against private investment but also erodes the country's reputation."

Since 1971, Germany has provided grant assistance worth US \$4.8 billion dollars to Bangladesh and during the present negotiations it has made new commitment for US\$46.3 million for the year 1999 in terms of financial and technical cooperation.

In reply to a question, Schweiger said Germany and Bangladesh have very effective and successful cooperation in

different sectors, including railway, electricity, road communications, health and primary education.

"Relations between Germany and Bangladesh are not only in state-to-state cooperation, fortunately we have good economic relations," he said, adding that Bangladesh's exports to Germany amount to 500 million US dollars. Private investments from Germany account for 60 million Deutsche marks.

About increasing private investment in Bangladesh, the German delegation leaders said after reunification, German economy concentrated on development of Eastern Germany and East European countries like Poland and Hungary.

"But German economy is now changing and giving more attention to Asia and Latin American countries, he said, hoping that the levels of private investment in this country could be higher.

Bernhard Schweiger praised various advantages in Bangladesh for private investment but suggested more reforms and liberalisation in certain areas. Citing India's "too much protection policy," he said "for foreign investment, it needs open-minded policy."

In this context, he suggested removal of some limitations for free import of medicine and joint cooperation in this sector since he said Germany has got potential pharmaceutical companies for investment.

"Nevertheless, I am sure more investment would be coming to Bangladesh," Schweiger said, adding the new German government gives emphasis on

intensified cooperation with LDCs. An effective cooperation is possible in power and railway sectors in Bangladesh, he assured.

In reply to a question, he said macroeconomic condition of Bangladesh is good. Budget is under control and rate of inflation reasonably within limits. But, he once again underlined, reforms should be expedited.

The German official said his government would organize a meeting of private business leaders and companies in Bonn next April when Finance Minister SAMS Kibria would discuss the point of German private investment in Bangladesh.

Germany, which has a major financial and technical cooperation in the railway and power sectors, has been planning modernisation of railway signaling system and insisting on rehabilitation of Ashuganj power plant.

The visiting German delegation, accompanied by a group of newsmen, inspected the Dhaka-Chittagong rail line, signaling system and visited the German-Bangladesh project at Pahartoli Railway Workshop Friday-Saturday.

The project involves training of experts for maintenance of line locomotives and passenger coaches.

Under the German technical cooperation, 22 million DM in credit has been earmarked for six locomotives and 60 million for modernisation of signaling system on Dhaka-Chittagong line.

Besides, a proposal for opening the Tongi-Bhairab rail stretch to broad gauge as well as

equipping goods trains with adequate brakes is being examined.

But the double rail track between Tongi and Bhairab Bazar may depend on possible free across-the-border rail traffic with India, the German team leader said. "Otherwise, it will not be economically viable."

Regarding the rehabilitation of three units of Ashuganj power plant, Christian Thomsen, a member of the delegation, said it urgently requires overhauling and other rehabilitation involving about 100 to 120 million DM.

He said his government was ready to fund 30 million DM for the first phase of rehabilitation if the Bangladesh government created a separate autonomous body for properly operating the power plant.

During the negotiation meeting, Thomsen said, the Bangladesh government agreed on principle with the idea of setting up separate authority independent of Power Development Board.

A team of experts from Germany will visit Dhaka early next year to study the pros and cons of the proposals relating to the railway sector and Ashuganj power plant.

Besides, under the new commitment following the negotiations in Dhaka, Germany will provide 9.4 million US dollars for rural infrastructure in Tangail, 12.5 million dollar for replacement and rehabilitation of river ferries, 9.4 million dollars for improvement of rural electrification and 2.2 million dollars for development of Chittagong Hill Tracts.

WB's Chief Economist for S Asia tells The Daily Star

Govt should not allow brusque short-term foreign borrowings

Star Business Report

The World Bank's Chief Economist for the South Asian region John Williamson strongly feels that Bangladesh should not allow sudden short-term foreign borrowings to avoid economic debacle like that of Southeast Asia.

"The meltdown of the South-east Asia has proved that a dis-

ciplined financial sector is the fundamental element for any economy. The lesson for Bangladesh should be not to liberalise capital transactions until it is ready for it."

Talking to The Daily Star, Williamson said a good mid-term prospect is there for Bangladesh as the micro-econ-

omic policies adopted over the last few years have started yielding results.

He also observed that although a number of macro-economic parameters were showing signs of strains, these were positioned far better than feared of in the wake of the devastating floods.

"The country coped remarkably with the onslaught of floods," said the economist. "There had been no disastrous situation as many had feared. The exports have predictably fallen after the floods, but the drop is less than apprehended. The country's revenue collection is not as bad as it could be."

Williamson supported the government's imposition of some new taxes after the floods. This was a correct move that would help the government along with the donors, contribute to the financing of the post-flood rehabilitation programmes, he viewed.

However, the WB economist said the Bank was thoroughly disappointed with the progress in privatising the state-owned enterprises.

"It was the right opportunity for the government to off-load the loss-making units and it did not look politically impossible to execute the programme," he said.

About privatising the nationalised commercial banks (NCBs), he said this should not be hastened now. "Rather, we

want the private commercial banks to work properly before the NCBs are privatised," said Williamson.

Williamson suggested that the government, at this point, should restrain from too much bank borrowings and should limit it within 1.5 per cent of the GDP.

So far, the inflation has been a price-induced phenomenon and this will not fundamentally hurt the economy. Inflation rate would drop with the advent of rabi crop," he hoped.

The economist also said that although the level of foreign exchange reserve was low, it was not, like that of Pakistan, "catastrophically inadequate."

"We would like to see more financial sector and privatisation reforms by the government," said the WB economist.

Regarding the issue of loan defaulting, he said ground was set to address this financial ailment, and the main thrust now should be to put pressure on the defaulters.

About managing the country's energy resources, the chief economist said that Bangladesh could export gas through pipelines to India if the reserve was confirmed to be big enough.

"Exports of gas through pipelines to India would be a strong case for Bangladesh," he said. "For this, a two to three-year preparation is needed and the process could be started from right now."



John Williamson

IT institutes offer discounts at the BCS computer show

Youngsters get to know about who is offering what

By Monjur Mahmud

The IT institutes are experiencing busy times at the ongoing BCS International Computer Show. Thousands of people, mostly young and in their 20s, who want to pursue IT careers and eager to know about the costs and prospects of the courses offered by the institutes are gathering everyday at the fair's IT educational stalls.

A total of 18 leading information technology (IT) institutes are participating in the computer hardware and software gala. Most of them have joined the event with a view to bridging relations with new and next generation students.

Shahidul Islam, like many other youngsters, sees a bright IT future. He is collecting prospectus of different institutes to compare and judge them with a view to get the best value education.

"I, along with my friends, have a plan to visit the show everyday," said Islam. "I have two missions here - one is to buy a good PC at a bargaining price

and the other to collect information about IT training institutes."

Shahidul had already talked to a few institutes. "Their offers are not bad, but I think they are charging too much," he said. On the other hand, all the participating institutes are expecting that they would be able to win a good number of students.

"We are getting tremendous responses from them," said an executive at the stall of Genetic Computer School. "We distributed more than 5,000 prospectus of our organisation on the very first day."

Intensified competition among these IT institutes over the past couple of years has also brought down course fees, some institute officials said.

"The fees that the institutes now charge are very reasonable. But if you want quality education, you have to pay accordingly," said an executive of an institute.

He said that his institute was

affiliated with a foreign university and the students would get their certificates from this university.

"We have to spend a huge amount of money for establishing a well-equipped and modern computer centre side by side paying foreign universities for affiliation," the executive said. "Our maintenance cost is also very high and we do not compromise with the quality of education."

Some of leading institutes participating in the show are: Besides offering one, two and three-year diploma courses for Tk 48,000, Tk 90,000 and Tk 120,000 respectively, Aptech has a six-month certificate course on computer education for Tk 25,000. Aptech, which is an ISO 9001-certified institute, is offering a 10 per cent course fee discounts at the show.

NIT, a collaboration between NIT and Beximco Systems Ltd, is imparting training through a three-year diploma course including a one year in-

ternship for Tk 127,000.

Daffodil Institute of Technology (DIT), affiliated with the UK-based National Computing Centre (NCC), is offering a one-year International Diploma in Computer Studies (IDCS) for Tk 60,000, another two-year advanced diploma (IADCS) for Tk 140,000 and a three-year B.Sc (Hons) in Computing and Information System for Tk 247,000.

CMC Computer Education of India, a collaboration between CMC and IIT Bangladesh, is offering diplomas and graduation programmes in advanced software technology.

Centre for Computer Studies (CCS) of Bhuiyan Computers offers a two-year diploma course for Tk 150,000 and a four-year graduation programme for Tk 350,000. The institute is affiliated with the University of London.

CCS offers discounts between 12 and 22 per cent at the show.



Surrounded by a stack of boxes filled with scrap of cellphones, Saburo Masaoka, sales department chief of Yokohama Metal Co Ltd., grins with a couple of ingots made of gold the company recovered from the high-tech gadgets at the company's headquarters in Sagami, west of Tokyo, Friday. With its special technology to sort out the noble metals from basis, Yokohama Metal recovered 45 kilograms of gold, 900 kilograms of silver and 30 kilograms of palladium from three million cellphones last year alone. Masaoka said content by percentage of gold is 150 grams per one kilogram, much higher than any mines in the world.

— AP photo

Mexico City home of world's worst traffic

By Therese Margolis

MEXICO CITY, Dec 13: Indian cities are not the only be-nighted metropolises. The Mexican capital, already notorious for its population density and pollution, has earned itself the dubious title of the city with the world's worst traffic.

According to a study by international urban specialist Victor Islas Rivera, the average working person in Mexico City, which has a population nearly 20 million (counting the extended metropolitan area), spends at least two hours each day getting to and from work, which translates into a loss of 12 million man hours each week.

In a study conducted in conjunction with the United Nations and the Inter-American Development Bank, Islas Rivera and a team of civil engineers from the National Autonomous University of Mexico (UNAM) concluded that Mexico City is "a shining example of what urban traffic should not be."

The urbanologist said Mexico City's public transportation system is so "obsolete, prejudicial for the users and expensive in terms of human and financial resources" that most citizens opt for private transport if they can afford it.

"The problem is that most people cannot afford new vehicles, so they buy second- or even third-hand cars which not only pollute the air but frequently break down and cause worse traffic jams," the report said. "It is not uncommon during a rain storm to see as many as 20 or 30 cars stalled on a single stretch of highway."

Islas Rivera said the average working life span for a car in Mexico City is about 9.6 years while in Japan most vehicles are off the road after just three years. He also pointed out that Mexico City's high altitude makes standard motor fuels work inefficiently, resulting in undue wear and tear of vehicles.

"What we see is an endless congestion of broken-down cars and buses making for a seemingly endless bottleneck of traffic," he said. Moreover, Islas Rivera said, poorer areas populated by the people who most need public transport are not included in public bus and metro train routes. "About 500,000 Mexico City workers have to walk at least half an hour from their homes before they have access to public transport," he said.

"In fact, public transportation in Mexico City meets less than 14 per cent of the demand, which means that people often have to wait for half an hour to an hour to be able to get on a bus."

"Because public transport is subsidised, it is not given a high priority in city spending and as budget cuts slice away at available funds, one of the first casualties is mass transportation," he said.

"The people who regulate public transport don't ride it. They don't need it. They have cars. But the poorer sectors, the blue-collar working class people, need public transportation and they are the ones who are suffering the most," Islas Rivera added.

— India Abroad News Service

Asian Currency Roundup

Most Asian units end higher

HONG KONG, Dec 13: Most currencies in the Asia-Pacific region strengthened against the US dollar with expectations of persistent pressure on the greenback following a decline on Wall Street, reports AFP.

JAPANESE YEN: The yen gained ground during the week as the dollar faced selling pressure amid uncertainty over the US economy following declines on Wall Street, dealers said.

The Japanese unit traded at 117.27-30 yen late Friday, compared with 118.30-33 yen a week earlier.

"A decline on Wall Street is pressuring the dollar against the yen," a dealer from Bank of Tokyo-Mitsubishi Ltd said.

Dealers said the yen is likely to gain further in the coming week on expectations that the US unit would remain under pressure in the short term.

AUSTRALIAN DOLLAR: The Australian dollar closed down slightly after staging a late-week recovery from a sharp dip brought on by continuing weakness in commodity prices.

In the week ahead, the focus will remain on the Reserve Bank of Australia with the central bank's governor, Ian Mac-

Farlane, set to testify before parliament on monetary policy on Tuesday.

The Australian dollar closed the week at 62.40 US cents from 62.53 cents the week before.

On the Reserve Bank's trade weighted index, the currency ended the week at 53.9 from 54.1 the week before.

NEW ZEALAND DOLLAR: The New Zealand dollar closed at 52.36 US cents on Friday, down from 52.68 cents closing a week earlier.

A foreign exchange dealer said the market was quiet but positive.

SINGAPORE DOLLAR: The Singapore dollar ended the week higher against the US dollar to 1.6485 from 1.6493 the previous week.

HONG KONG DOLLAR: The Hong Kong unit closed on Friday at 7.746-7.747 to the greenback from 7.7462-7.7472 the previous week.

INDONESIAN RUPIAH: The rupiah closed the week slightly stronger at 7,480 to the dollar compared to last week's close of 7,562.

PHILIPPINE PESO: The peso was almost unchanged against the dollar during the week.

Y2K preparation Britons asked to stock up two weeks' food supply

LONDON, Dec 13: A British government agency has warned the country to stock up at least two weeks' food supply in the event of shortages caused by the millennium bug, the Observer newspaper reported today, reports AFP.

The paper said the head of the government's millennium bug taskforce 2000, Gwyneth Flower, had advised every household to plan ahead, despite government reassurances that food and power supplies would not be affected by computer problems on January 1, 2000.

"We are talking about people having a judicious amount of surplus food in their kitchen cupboards," Flower was quoted as saying. "Anyone sensible would plan for this."

"Because we don't want to see panic-buying in the weeks leading up to next Christmas consumers should think about this in advance."

Computer experts have predicted many systems could shut down with advent of the next millennium as their two digit date systems fails to distinguish between 2000 and 1900.

Thai villagers end protest against power plant building

BANGKOK, Dec 13: Thai villagers have ended their protest against the construction of three power plants after government officials promised they would not be built, local papers reported Friday, reports AP.

The dispute over the coal-fired plants that villagers say would pollute the environment sparked rioting between thousands of police and demonstrators over two days in which at least 65 people were injured. Thailand's Interior Minister denied reports that three protesters had been killed, according to Friday's The Nation newspaper.

The villagers from Prachuab Khiri Khan, 230 kilometers (145 miles) southwest of Bangkok, said the plants, at least one of which would use lignite, or brown coal, would destroy their environment and health.

They cited a similar plant in the northern Thai city of Mae Moh, where villagers charge that abnormally high rates of cancer, lung disease, birth defects and the poisoning of land and water are attributable to residue from the lignite plant.

The Nation said that Deputy Interior Minister Pinit Charu-sombat late Thursday signed an agreement with the protesters promising he would not approve licenses for the three plants.

Thailand is privatising its power industry, and the three plants are joint ventures with foreign companies. It's not clear how those companies will react, and if fallout from the cancellation of their projects will harm further efforts at privatising the industry.

The agreement convinced the protesters to end their blockade of the Phet Kasem highway, the main road linking Bangkok with the south.

Earlier Thursday, the protest again turned violent when villagers assaulted Wasapol Jaisin, the Prachuab Khiri Khan police chief, causing him serious head injuries.

At least 50 protesters and 15 policemen were injured in rioting Wednesday night when officers staged a baton charge and drove trucks into the protesters to try and dislodge them from the Phet Kasem highway.

Wednesday's battle was just one of several that have broken out in recent years between police and members of communities opposed to dams, power plants or other development projects in their areas.

EU duty-free sales suffer setback

Hopes of saving duty-free sales within the European Union have suffered a setback.

The EU Tax Commissioner Mario Monti has insisted duty-free sales will be abolished in June next year as scheduled, despite calls for them to be retained.

He described duty-free arrangements as a "regressive tax" which subsidised drinkers and smokers at the expense of those who abstained.

Mr Monti said: "Go it must. Harmful would be the continuation of duty-free, not its abolition."

The UK, France and Germany say the scrapping of duty-free will mean job losses and higher costs for travellers.

Germany's finance minister, Oskar Lafontaine, has promised to make keeping duty-free a priority of the German presidency.

The UK Prime Minister Tony Blair and his French counterpart Lionel Jospin are expected to raise the issue at the EU summit in Vienna on Friday.

EU states adopted duty-free sales in 1991. But they agreed on abolishing the system two years ago because it is seen as incompatible with the single market.

— BBC Internet