

Bangladesh signs tourism accord with Malaysia

A Memorandum of Understanding was signed between the Civil Aviation Ministry and Prisma Permatamaya here yesterday aiming at boosting up country's tourism industry, reports UNB.

Civil Aviation Secretary B P Barua and Managing Director of Prisma Permatamaya H Bhuiya signed the agreement on behalf of the respective sides. Civil Aviation Minister Engineer Mosharraf Hossain, Joint Secretary Badre Alam Khan and local agent of Prisma Permatamaya Nurul Anwar were present on the occasion, according to a press release.

Under the agreement exclusive tourism projects at Cox's Bazar, hilltop marine resort at Rangamati and tiger watch project and canopy level walkway and moonlit and wild life watch in Sunderbans will be implemented.

The work on the projects is likely to begin by March 1999, jointly by the Malaysian Company HSS Integrated Private Line in association with the Australian Leisure Industries Private Limited, the release added.

Seminar on computer today at BUET

A seminar on "Producing 10,000 Programmers Annually: The Role of the Academia and the Industry" will be held at the seminar room of Civil Engineering Department of BUET at 10 am today, reports UNB.

State Minister for Planning Dr Mohiuddin Khan Alamgir will attend the seminar as chief guest.

Chairman of the Parliamentary Standing Committee on Science and Technology Ministry Dr HBM Iqbal and BUET Vice Chancellor Prof Nuruddin Ahmed will be present as special guests.

Seminar on globalisation today at DU

A seminar on "Globalisation and Bangladesh" will be held at the Nat Mandal (Theatre Circle) of Dhaka University at 2.30 pm tomorrow (Friday), reports UNB.

Commerce Secretary Alamgir Faruque Chowdhury will be present as chief guest while Dhaka University Vice Chancellor Prof AK Azad Chowdhury as special guest at the seminar. International Studies Association, Bangladesh (ISAB), has organised the seminar, said a press release.

ICSMB exams begin Jan 27

The Summer Session (July-December-1998) examinations of ICSMB will be held from 27 January to 03 February 1999 between 02:00 pm to 05:00 pm at Notre Dame College, Motijheel, Dhaka.

Students are advised to submit their examination forms along with prescribed fees at the Institute office on or before 16 January 1999, says a press release.

Meanwhile, admission for January-June 1999 Session is going on at Intermediate level. Graduates with 6 points may apply before 16 January 1999.

2 new executive vice presidents of IBBL

Star Business Report
Velayet Hossain and Mohammad Nurul Islam have been promoted to the post of Executive Vice President of the Islamic Bank of Bangladesh Limited (IBBL) recently.

Prior to their promotion, Hossain was the senior Vice-President while Islam was the Zonal Head in Chittagong, says a bank press release.

Hossain has been in the banking profession for the last 30 years. He joined the Islamic Bank Bangladesh Limited as Assistant Executive Vice President in 1985.

Earlier he joined the Eastern Marchant Bank (now Pubali Bank Ltd.) as a Probationary Officer in 1968.

In long banking career, he served in the Pubali Bank and Islamic Bank in different important positions. He is a Diplomate Associate of the Institute of Bankers in Pakistan.

He passed the banking diploma examination from the Institute of Bankers in Pakistan in the first attempt and stood second in the then Pakistan.

He participated in various training courses at home and abroad.

Prior to his present assignment, Islam headed the Bogra Zone of the Bank comprising branches under Rajshahi Division. He joined Islamic Bank Bangladesh Limited directly as an Assistant Executive Vice President in 1983. He organised and headed simultaneously the Public Relations Department, Islamic Bank Foundation (the then Sadaqah Tahbil), Development and Branches Control Department till 1990.

Banks get ready as E-day dawns tomorrow

By Monjur Mahmud

As the European single currency euro comes into being tomorrow, the country's commercial banks are getting ready to face the challenge of the new economic age.

Most of the local banks have already opened their euro accounts with different foreign banks to ensure smooth transactions in the new currency.

On the other hand, the Bangladesh Bank (BB) will set the taka-euro exchange rate on Sunday based on the ECU and taka exchange rate. The BB has also built up a separate euro reserve to deal with transactions in the single currency.

The Bangladesh Bank (BB) is set to adjust its currency basket of 11 currencies including four European currencies, which

will be replaced by euro. These currencies - Deutsche mark, French franc, Dutch guilder and Italian lira - together have a six per cent weightage in the currency basket.

At present, 40 per cent of the country's total export and 30 per cent of import transactions are with the 11 European countries, which have adopted euro.

The existing national currencies of the 11 European countries will become sub-units of euro and will co-exist with it for three years.

During the period - January 1, 1999 - December 31, 2001, National Currency Units (NCUs) will be irrevocably fixed. These rates will be decided and announced by the concerned au-

thorities today. On January 1, 2002, all NCUs will cease to exist and will no longer be the legal tenders.

Bangladeshi exporters and importers have already received message from their European counterparts who want to carry out their transactions in euro.

Foreign banks here have informed their clients that dealing in euro would be more convenient for them and that taking forward cover in euro instead of any of the NCUs will simplify the transaction process.

Corporates and individuals will be free to decide for themselves whether to have accounts in euro, and make payments

and pay salaries in euro, bearing in mind that notes and coins in the new currency will not be available right now. A payer can make payments in the currency of his choice and the beneficiary can be credited in the currency of his account.

However, 'No compulsion, no prohibition' policy will be applicable till December 31, 2001. After that period, all transactions must be in euro. This principle also applies to spot or any other transactions like TT, O/D, foreign currency deposit or lending in NCUs.

Forex transactions and wholesale financial activities and all new issues of public debt like gilts, treasury bonds are expected to be in euro.

Corrupt business practices cost Indonesia \$ 580m in five years

JAKARTA, Dec 30: Corrupt business practices, largely by the family and associates of former president Suharto, cost the state as much as \$580 million over the last five years, the government has concluded, reports UNB.

Authorities have been investigating evidence of corruption during the long rule of Suharto, who was ousted in May after riots by Indonesia's poor and student protests against his 32-year rule.

The new report on corruption, released Tuesday, could bolster an investigation of the origin of Suharto's wealth even though critics have dismissed the probe as cosmetic. Suharto has denied any wrongdoing.

The government has also terminated dozens of investment projects tainted by collusion and nepotism, said Hartanto, the chief cabinet minister for development and administrative reform.

Hartanto said the state expected to recover \$43 million of the money lost because of corruption in contracts and government agencies between 1993 and September 1998.

Suharto's credibility was eroded in part by allegations of official graft at a time when Indonesia's economy was buckling under the worst financial crisis in decades. Millions of people have lost their jobs.

President BJ Habibie ordered an investigation of his predecessor and onetime mentor after coming under pressure from student protesters who want 77-year-old Suharto to be put on trial.

Government opponents question whether Habibie, who owes his position to Suharto and whose family also owns dozens of businesses, is conducting a serious probe.

On Tuesday, prosecutors questioned one of Suharto's three sons, businessman Bambang Trihatmodjo, about his role as head of one of seven charitable foundations once owned by the former president.

The foundations were allegedly used in part to collect money that Suharto's family used for its own benefit.



A Daewoo Electronic worker with a picket shouts an anti-government slogan in a rally to protest the planned takeover of their company by the rival Samsung conglomerate at the Chongmyo Park in Seoul Tuesday. The picket showing a big X across the big deal. — UNB/AP photo

'Bangladesh-Nepal trade may increase'

The newly-appointed Ambassador of Nepal to Bangladesh, Madhu Raman Acharya, called on President of the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) Abdul Awal Minto here yesterday, says UNB.

During the meeting, a number of specific subjects came up for discussion. Despite being close neighbours, the volume of trade between the two countries was extremely low. It was expected that trade volume might increase because of the new transit route, they viewed.

It was left that there should be more inter-action between

the two countries. It was suggested that trade delegations from both countries can visit each other's capital in next March/April.

Nepalese proposal to open an air link from Kathmandu-Dhaka-Colombo was under consideration of the government, said a press release.

There is potential for tourism development in Bangladesh. The tourists of Bangladesh may visit Nepal at a reasonable cost rather going to far off places. Direct bus route between Bangladesh and Nepal would facilitate such movement, they said.

European stocks post modest gains

LONDON, Dec 30: Share prices on the main European stock markets posted modest gains early on Tuesday in extremely light end of year trading, dealers said, reports AFP.

In London, the FT-SE 100 index of leading shares rose by 4.7 points, or 0.7 per cent, to 5,912.9 points.

In Paris, the CAC 40 index was trading 0.06 per cent higher in mid-morning trade at 3,875.37 points.

However, in Frankfurt, the X-Dax index opened 0.04 per cent lower at 5,038.06 points.

Dealers said that trading volume was extremely light before the imminent launch of the European single currency on

January 1.

In addition to market caution ahead of the momentous birth of European Economic and Monetary Union (EMU), many key traders were away from their desks because of the end of year holiday season here.

The London market was closed on Monday and will open for a half day only on December 31.

Dealers said that market movements were exaggerated during such times of low trading volume.

The London market was supported by expectations of lower interest rates here in the coming months.

EMU fast facts

On the face of it, not much will change on 1 January 1999 when the new single currency, the euro, is launched. Portuguese will still spend escudos, Germans will have Deutschmarks in their wallets and the French will use francs to pay for dinner.

What most people do not know is that they will already be using a form of euros: All currencies in the 'eurozone' will only be units of the euro - in some way like the cent to the dollar and the penny to the pound. And from day one, European Economic and Monetary Union (EMU) will have an impact on their lives.

Euroland

The eurozone, or 'Euroland' as some call it, is huge. Its 11 members are Austria, Belgium, Finland, France, Germany, Ireland, Italy, Luxembourg, Netherlands, Spain and Portugal.

Population

With 290 million inhabitants the eurozone is larger than the United States.

Economy

Together the EMU countries boast a gross domestic product (GDP) of \$6,480bn (5,550bn euros); a bit smaller than the US GDP of \$7,610bn.

Exports

In international trading the eurozone comes out on top. Its members export more than \$652bn (560bn euros), and have an additional \$1,110bn (950bn euros) of trade within the European Union. The US economy exports goods and services worth \$585bn.

Only four EU countries are not joining EMU: Denmark, Sweden and the United Kingdom opted for going it alone, while Greece wanted to join but did not qualify.

Calculating the euro

There are 100 cents to one euro, but calculating the euro's value on the financial markets is much more difficult.

On 31 December 1998, at 1130 Central European Time, the central banks of all countries joining monetary union will determine the US dollar rate for their national currency, 'taking the mid-point of the bid-ask spread ... to six significant digits' - to quote the official communiqué.

These dollar rates will then be used to calculate the value of the European Currency Unit (Ecu), which is a currency basket and artificial currency already used to calculate EU budgets.

By treaty one Ecu equals one euro, and therefore the dollar-Ecu rate can then be used as a cross reference to determine the exchange rate of national currencies to the euro.

The conversion rates between the national currencies participating in EMU have already been fixed.

To help you doing all the maths, BBC News Online has created a euro currency converter. The link in the right hand navigation of this page takes you there.

Timetable

Fixing the conversion rates between the EMU currencies is the third stage of the single currency project, crowning eight years of preparation. This are the next steps:

1 January 1999

The exchange rates of all EMU currencies are irrevocably fixed and the euro becomes a currency in its own right. 'Euroland' citizens and companies can do their accounts in euros, but are not obliged to do so.

January 2002

Euro coins and bank notes will be introduced. The details are still being worked out, but some countries could do the switch-over in a 'big bang' on one day, while others like Germany plan a two-months transition period. Both euros and old national currencies will remain legal tender.

1 July 2002

National coins and bank notes will be withdrawn and only euros and cents (there are 100 cents to a euro) will be valid currency.

The euro impact

The single currency's impact will be immediate, even though euro notes and coins will not be issued before January 2002.

Bankers and accountants are the first to see the difference. From January 1999 most banks, all stock markets and many companies will do their accounting and transactions in euros.

Governments, meanwhile, will issue debt papers (like gilts, treasuries and bonds) in euros.

The rest of society will feel the euro's impact too. Going shopping? Soon two prices will be on the label - one in euros, one in your national currency; in several countries this already happens. And as competition increases, the prices of many products are expected to come down. Own a business? Before long an invoice or an order will be on your desk quoting a price in euros. Work for a company buying or selling abroad? If you live in the eurozone or do business with companies there, you must understand how the euro works or you may not be able to do your job. Shareholder in the eurozone? On stock markets in EMU countries, your shares will be quoted in euros from 1 January 1999.

For many the introduction of the euro will be no worse than going on holiday abroad or moving to another country. They will have to learn to juggle the numbers of a new currency.

For businesses it could mean more: Changing business strategy, overhauling financial systems, moving into new markets or coping with tough competitors from abroad.

Employees will find that the euro affects them too: They may have to learn new ways of working, find new job opportunities or they could even see their workplace disappear.

Rules for joining

Eleven of the 15 EU countries have joined monetary union. If the remaining four want to adopt the single currency at a later stage, they will have to meet certain requirements, the 'Maastricht' criteria, named after the treaty that set out the timetable for monetary union.

Their inflation rate should be within 1.5% of that of the eurozone. Their exchange rate should be stable in relation to the euro. Their annual budget deficit should be below 3% of their gross domestic product (GDP - the total output of their economy). The total amount of money owed by the state, known as public debt, has to be less than 60% of GDP.

European Central Bank

The European Central Bank (ECB) sets monetary policy for all EU countries that have introduced the single currency. The ECB will co-ordinate a network of national central banks, the European System of Central Banks.

The ECB's key tasks are: Define and implement monetary policy, such as setting interest rates; Maintain price stability; Support economic policies of member states as long as they do not affect price stability; Conduct foreign exchange operations and look after the official foreign reserves of the member states; Promote smooth operation of payment systemsthat link banks.

National central banks will continue to be in charge of banking supervision. — BBC Internet

Economic growth in euro zone to slow in '99

FRANKFURT, Dec 30: Economic growth in the euro zone will slow in 1999 but will not lead to recession, European Central Bank (ECB) Executive Board member Wim Duisenberg said, reports AFP.

"The predictions for the euro zone in 1999 all give a single message: growth will slow considerably in 1999 but we're not on the verge of recession," Duisenberg said in an interview with the German news agency VWD published on Monday.

Issing's remarks were in line with comments by other ECB officials in recent weeks: at the start of December, ECB President Wim Duisenberg had said that while gross domestic product in the euro zone was widely expected to grow at a rate of just below three per cent in 1998, the projections "pointed unequivocally to some deceleration of real GDP growth in 1999."

Issing told the news agency that the outlook for price developments in the euro zone were very favourable.

"The price perspectives are very favourable, with no signs of any deflationary dangers nor the re-emergence of inflation," he said. "That means 1999 will be characterised by price stability."

The ECB assumes responsibility for monetary policy in the 11 countries participating in the single currency on Friday.

'British entry into euro inevitable'

LONDON, Dec 30: An overwhelming majority of Britons believe it is inevitable that Britain will join the European single currency despite most opposing the abolition of the pound, according to a poll published yesterday, says AFP.

The Gallup survey for the Daily Telegraph showed that 60 per cent of voters do not want Britain to sign up to the euro, due to be launched on Friday, against 34 per cent in favour.

But 80 per cent accepted that British entry into the single currency was only a matter of time, while 61 per cent agreed Britain would lag behind the rest of the European Union if it remained outside.

Gallup interviewed 1,051 adults across Britain.

Company closure hits record high in Taiwan

TAIPEI, Dec 30: More than 6,000 small-and medium-sized Taiwanese firms are expected to go out of business in 1998, the highest in four years, amid an economic slowdown, an official said here, reports AFP.

"By looking at the trend, more than 6,000 companies would be closed for the whole year", said Chang Yao-Tsung, Statistics Director of the Economic Ministry.

In the 10 months to October, a total of 4,690 local companies shut down, up 83 per cent from the same period last year, Ministry Statistics showed.

Capitalisation of the firms totalled 56.17 billion Taiwan dollars (1.74 billion US), a rise of 60.7 per cent year-on-year, according to the figures.

Taiwan's economy suffered a downturn this year - a significant number of small-capital firms would rather close their operations," Huang Chuan-Chieh, Vice-President of Union Commercial Bank, was quoted by the economic Daily News as saying.

Trading firms and those in steel and construction sectors were the hardest hit by the economic slowdown, triggered by sluggish exports, a weakening real estate market and slumping investment, the newspaper said.

The government statistics agency has estimated that Taiwan's economic growth for 1998 would slide to 5.1 per cent from 6.8 per cent in 1997 - impressive compared to many recession-hit regional economies. The trade-driven island's exports are expected to fall 9.4 per cent this year in the largest drop since 1982.

Exports in the first 11 months declined 8.9 per cent year-on-year to 101.59 billion US dollars. While imports dropped 8.1 per cent to 95.40 billion dollars in the same period.

Nomura Securities to slash 650 overseas jobs

TOKYO, Dec 30: Nomura Securities Co Japan's biggest brokerage, will cut 650 overseas jobs next year as part of a major restructuring campaign, a company official said Wednesday, reports AP.

Facing massive losses in its overseas operations, the company will shed nearly 20 per cent of its work force in Europe and the Americas and close some overseas offices, Nomura representative Kimizo Hayakawa said.

At the same time, the company will hire 50 new employees in Asia outside Japan to strengthen securities operations in Taiwan and the Philippines, he said.

As of the end of September, Nomura employed 4,600 people outside Japan, including 1,400 in North and South America and 2,300 in Europe.

As Net fever mounts, some fear for market health

NEW YORK, Dec 29: Worry on Wall Street is mounting that Internet fever, a contagious but ostensibly benign condition marked by a sudden and severe swelling of share price, may mask an underlying malady, namely a return to the kind of speculation known to presage market downturns.

"We're ending the second half very much like we ended up the first half, with a high degree of speculation and a general feeling of invincibility," said Charlie Crane, chief market strategist at Key Asset Management. "It sets us up for some sort of retraction. Whether that is as convulsive as the one in August was remains to be seen."

Crane said the frenzy bears resemblances to some market

manias of the past, but noted one difference that has extended and broadened its effects.

"There have been periods where certain groups—biotech was one—have gotten super-hot and when just a little news could create a huge move," he said. "But not everybody can set up a biotech subsidiary."

In contrast, just about any company can launch a Web site, making for a much more egalitarian rally. Recent history indicates a well-publicized Web site launch, or even a hint one may be forthcoming, can lift a laggard from the discard pile.

Most recently, SkyMall Inc., an in-flight shopping catalog company, and Active Apparel Group Inc., a designer and marketer of sportswear, soared Monday after Internet-related

announcements.

Neither is close to being a player on the Internet, nor is either company mulling a full-scale shift to Web-based sales.

Nevertheless, shares of both shook off years of market underperformance and rocketed higher Monday and extended those gains Tuesday. SkyMall after reporting higher Web-based sales and Active Apparel after launching a Web site.

Analysts warn that when sentiment reverses, the downturn is likely to be every bit as intense as the rally.

"It's the biggest speculative bubble we'll ever see in our lives," J.P. Turner & Co. director of equity research Rick Berry said of the Internet spree. "All these companies are worth 30 percent of their mar-

ket capitalization and within the next 12 months, you'll see a lot of these stocks trading at their IPO prices with everyone rushing to the exit doors."

Oddly, investors just months ago got a lesson in how hard momentum stocks—so dubbed because short-term traders latch on hoping to benefit from the wave of interest—can fall.

During the market tumble between mid-July and early September, losses in shares of Internet bellwether companies like Amazon.com and America Online Inc. reached more than 30 percent, as the Dow Jones Industrial Average skidded some 19 percent.

Of course, the share prices of those companies now stand at levels more than double their mid-July values, while the Dow

has struggled to just barely exceed its old highs. To some degree, the Internet itself is acting as an enabler for the market's recent addition.

Market analysts point to day traders, many of whom are believed to be trading over the Internet, for intensifying the latest bidding war for stocks with a mere whiff of Internet potential.

Shares of cruiser motorcycle maker Bikers Dream Inc. more than doubled on word the company was close to announcing its electronic commerce plans.

In addition to motorcycle production, the company operates a chain of stores where it sells its motorcycles, parts and accessories.

Chairman and chief executive Helm Rosenman said on

Tuesday that the company's previously disclosed plans to open up shop on the World Wide Web were a "run of the mill" approach to the Internet. Shares of Bikers Dream were up 4-1/16 to 6-5/8 late on Tuesday, a nearly 160 percent gain.

And even the sketchiest of rumors of pending Web sites, spread of course on a variety of Internet stock chat boards, have become jet fuel for the next wave of Internet plays.

One such stock, G-III Apparel Group surged about 300 percent on word the company was planning to launch an electronic commerce site. A spokesman confirmed the plans, which were the subject of extensive speculation on Internet chat postings early Tuesday.

— Reuters Internet