

Sen calls for anti-poverty blue-print

NEW DELHI, Jan 2: Indian Nobel Laureate Amartya Sen called yesterday for a long-term national blueprint to combat poverty and make education a fundamental human right, says AFP.

There is no instant solution to these problems when there has been a history of neglect of these issues," Sen said during a meeting with Indian Finance Minister Yashwant Sinha.

About 320 million Indians, or one third of the country's population, live below the poverty line.

The 64-year-old Sen, who has devoted his life to the study of welfare economics and poverty, won the 1998 Nobel prize for economics — the first Asian to receive the award.

Following his hour-long meeting with Sinha, Sen told reporters that education should be labelled a fundamental right as part of an overall commitment towards achieving a higher literacy rate.

India's ruling Bharatiya Janata Party (BJP, India people's party) was forced to distance itself this week from a Hindu fundamentalist ally that accused Sen of belonging to a Christian conspiracy to undermine Hinduism.

Delhi airport upgrades traffic control system

NEW DELHI, Jan 2: The international airport in New Delhi has begun operating on a sophisticated air traffic control system, more than two years after it witnessed one of the worst mid-air collisions, an official said Saturday, reports AP.

The new system by US-based manufacturer Raytheon was put in use on New Year's Day and is expected to make plane landings and takeoffs safer. "It worked more or less all right on the first day," said Brijendra Shekhar, general secretary of the Air Traffic Controllers Guild.

The system includes advanced radar and flight data processing that identifies aircraft and provides warnings of possible collisions or dangerous low altitudes.

India's outdated air traffic control system came in for sharp criticism after the mid-air collision of a Saudi jetliner and a Kazak cargo plane over New Delhi killed 349 people in November 1996.

The sophisticated system is expected to become operational at the international airport in Bombay in six months' time, Shekhar told The Associated Press.

But the new system was of little help to flights badly disrupted by a dense fog over New Delhi for the past two weeks. The airport doesn't have an upgraded version of the instrument landing system which pilots rely on when visibility is low.

India's Civil Aviation Minister Ananth Kumar earlier this week promised that the upgraded version would be in place by November.

The current system permits landing when runway visibility is at least 600 meters (660 yards). In recent days, fog has reduced visibility at New Delhi to well below that.

Indian newspapers that obtained leaked copies of a judicial investigation said the report found that the Kazak pilot ignored air traffic controller's orders and descended 1,000 feet (300 meters) to 14,000 feet (4,240 meters) before colliding with the Saudi Boeing 747 that had taken off from New Delhi in November 1996.

Kazak officials blamed the crash on obsolete navigational aids and the use of a single corridor for both landing and departing flights at New Delhi's international airport, one of the busiest in the world.

Prices shoot up as Vietnam implements VAT

HO CHI MINH CITY, Jan 2: Most prices in Vietnam jumped between five and 10 per cent yesterday with the implementation of value added tax (VAT), reports AFP.

And while most large multinational firms could afford accountants to help them prepare for the new tax, for the majority of small businesses in Vietnam, the VAT has created plenty of confusion, sources said.

One reason was the government failed to give written instructions until less than two weeks before the VAT was implemented, and verbal instructions were confusing at best, they said.

There is going to be a lot of uncertainty. It's very strange, these things should have been in place a long time ago," said one accountant with an international accounting firm.

Part of the problem is most small Vietnamese businesses don't keep proper invoices or expense records.

To get around this problem, the government has a so-called direct method, with the tax liabilities of business being calculated by subtracting total purchases from total sales.

Normally businesses keep VAT invoices that record the transaction level, and may deduct the amount of VAT they paid to their suppliers from the total assessed tax bill.

The price of hotels and airline travel was unchanged as a result of the introduction of the VAT, which substituted 10 per cent surcharges already in place.

Competition to prove consumers' boon

Euro gives birth to price differences in Europe

PARIS, Jan 2: The launch yesterday of the single European currency suddenly highlights price differences around Europe, a phenomenon that analysts say should sharpen competition and prove a boon for consumers, reports AFP.

Somebody, for example, buying a movie ticket in Portugal will pay 3.99 euros, while in France the price is nearly twice as much at 7.47 euros (one euro equals around 1.17 dollars).

Observers believe that the psychological effect on consumers seeing prices cheaper across the border for certain products will result in increased competition and an incentive to lower prices, especially in the more expensive northern European countries.

A problem, there, though, is that the eurozone governments impose different levels of taxes on certain goods and products, particularly petrol, alcohol and cigarettes, while initiatives have been mooted to harmonise taxes in Europe, the lack of unanimity is blocking such a move.

Shoppers in Europe are not expected to go border hopping for minor items, although professional buyers and credit card-wielding holiday-makers may have some impact. However big-ticket items such as re-

frigerators, televisions and stereos could push many to travel to find a better deal.

The big chains know this and have already taken steps to bring in price marketing strategies based on the euro.

Medef, a French employers' federation said on Friday that "the competitive situation created by the euro will lead to a pressure to cut prices."

The car sector will probably be the first to feel the squeeze, especially as the super-competitive European market is characterised by overproduction.

In September 1998, the biggest automakers — Peugeot Citroën, Renault, Fiat, Mercedes, General Motors Europe and Volkswagen — adopted a common system for adapting to the euro.

From January 4, they will

Prices, in euros, were current as at January 1.

	Big mac hamburger (1 litre)	Petrol (1 litre)	Marlboro cigarettes	Movie ticket	Subway/bus ticket	Milk (1 litre)
Austria	2.54	0.76	2.54	5.01	qmw	n/a
Belgium	2.82	0.60	2.92	5.94	1.23	0.63
Finland	3.36	0.88	3.70	6.72	1.68	0.65
France	2.74	0.90	2.95	7.47	1.22	1.05
Germany	2.53	0.79	2.68	6.64	1.53	0.71
Ireland	2.34	0.87	(n/a)	6.47	1.01	0.88
Italy	2.47	0.86	2.58	6.71	0.77	n/a
Netherlands	2.47	0.94	2.72	6.80	1.70	n/a
Portugal	3.99	0.83	1.94	3.99	0.49	0.65
Spain	2.25	0.68	1.19	4.50	0.78	n/a

Lankan tea industry concerned over Pakistani move

By Sugeeswara Senadhira

COLOMBO, Jan 2: The Sri Lankan tea industry is apprehensive about Pakistan's decision to establish an International Tea Auction Terminal (ITAT) in that country as it could pose a major challenge to other tea auction centres in the region including one here.

However, market analysts say that such a centre in Pakistan would be very helpful to the regional tea exporters, especially those in Sri Lanka and India who export the brew to the CIS (Commonwealth of Independent States) countries and the Middle East, two areas where tea consumption is rapidly rising.

Pakistan has recently planted its first experimental plot of tea and become the 12th country in Asia to take to tea cultivation. Asian countries account for about 80 per cent of

the world's tea production and South Asian nations for 55 per cent. Once the tea project in Pakistan gets under way, this share could increase further.

The Pakistan government has already approved setting up of the ITAT which, according to tea consultant to the Summerville Tea Ltd here, Maxwell Fernando, could prove to be a success. "Karachi, the (commercial) capital of Pakistan, is strategically placed and possesses all the infrastructure for setting up a trading centre," Fernando said.

"Karachi is well placed in the international tea routes serving the vast Middle East sector. It could also serve as an important land link to most CIS countries and a trading centre for SAARC countries," he added.

"Exporters in the region can have their products shipped out

from Karachi to the vast areas in the Middle East or have them transported by the land route to the immense CIS markets."

Forbes tea consultant Tilak Alawattagama said that Sri Lanka should try to find out the reasons why a project similar to the Pakistani one hasn't still got off the ground despite years of careful planning. "Colombo can boast of being the largest auction centre in the world.

Last year Sri Lanka tea fetched the highest price in international markets," Alawattagama said. Sri Lanka's tea production has been rising steadily and is predicted to reach 300 million at the turn of the century. According to Alawattagama, the matter for concern was whether the present marketing system could sustain this rate of production in a world of competitive marketing.

"Time is fast running out on Sri Lanka, and if we fail to take remedial measures immediately, we will revert back to be just a producer of a primary commodity, and leave the manipulation and value addition to others," Ceylon Tea Board chairman Clifford Ratwatte said.

A spokesman for the Sri Lanka Chambers of Commerce and Industry quoted a former president of the Karachi Chamber of Commerce and Industry as saying that Pakistan would soon become a terminal market for Southeast Asia and CIS countries and that he expects big brokers in tea-producing countries to participate in the ITAT.

Pakistan, a \$60 million tea market, is the third largest importer of tea in the world, consuming about 150 million kilograms of tea annually.

— India Abroad News Service

India's trade deficit doubles to \$6.7b

NEW DELHI, Jan 2: India's trade deficit doubled to 6.7 billion dollars in the first eight months of the fiscal year ending March 1999, officials said here, reports AFP.

Indian exports totalled 21.5 billion dollars in the April-November period, 3.97 per cent lower than the same period last year. Imports grew 9.5 per cent to 28.2 billion dollars.

The trade gap during the first eight months on the previous fiscal year was 3.3 billion dollars.

Commerce Minister Ramakrishna Hedge blamed the widening gap on the global economic slowdown and said New Delhi was pushing for a target of 15 per cent growth for Indian

exports in the current fiscal year.

"It all depends on what's going to happen in the next three months. The exports might pick up very well. We are doing everything possible," he said of new incentives being offered to exporters by the government.

"The government had taken measures to remove difficulties being faced by the exporters, but the actual performance depends on production as well as the market growth," he said in the southern city of Bangalore.

Arguing that world trade had grown by only one per cent this year, Hedge said: "It only shows the whole market is practically down."



An Iraqi worker pans for gold by the Tigris river, near a gold factory, in Baghdad on Wednesday. There are many gold factories by the Tigris river in downtown Baghdad. Tough UN trade sanctions have devastated the Iraqi economy, but many wealthy Baghdadis can still afford to buy gold ornaments.

What does 1999 hold for investors?

The investment climate for 1999 will be dominated by a slowing economy and falling interest rates. The experts are divided over whether this means rising or falling share prices.

Again it seems share investment will not be an exercise for the faint hearted.

But for homeowners the coming year should be easier to bear, with falling mortgage rates and stable house prices.

Descending rates

While the economy is slowing markedly, economists agree that cuts in interest rates of

1.25 percentage points in late 1998 mean a deep, prolonged slowdown is unlikely.

The fact that authorities in the UK and other Western countries have changed their priority to maintaining growth rather than fighting inflation means we can expect further interest rate falls, fund manager Perpetual says in its Investment Report.

Meanwhile, European Monetary Union is putting further pressure on UK rates. "If Britain is at all serious about joining the single currency at any time, rates must start falling more in

line with Europe's 3%," said Harry Katz, principal adviser at Norwest Consultants.

Shares positive

This outlook is a double-edged sword for share prices. Perpetual believes that with shares already reflecting the bad news in the international economy, the positive effects of rate cuts and merger activity makes the overall outlook positive for shares in 1999.

However, ongoing volatility may well see some loss



Joelle Schichtel (right) presents oversized fake euro banknotes to passengers at Frankfurt airport on Friday. The euro was launched at midnight in 11 European countries. Genuine banknotes will be available on January 1, 2002. Poster reads: The euro is here.

Warm welcome to new currency

PARIS, Jan 2: There was a generally warm welcome around the world for the euro, the new currency of 11 nations of the European Union, which made its international trading debut Friday, reports AFP.

Asian countries took events in their stride as the euro made its trading debut in Bombay, India, one of the rare forex markets open on January 1.

However, dealers were quick to point out that the real test would come on Monday when European and other international markets reopen after the new year break.

Taiwan was reported to have switched up to 20 billion dollars of its vast reserves into the new currency.

Japan's Prime Minister Keizo Obuchi saw the euro as a rival to the dollar and yen and said he wanted to make sure Japan's currency did not get left behind. "We must make the yen a currency that matches the dollar and the euro," he told business leaders.

The launch's biggest splash was made in China, where state-controlled newspapers accorded saturation coverage to its debut.

In the United States, there was an official welcome for the new unit but analysts were divided over whether it ultimately will help or hinder US economic growth.

Predictable price poured from the French press, but the event got a mixed response across the channel in Britain, which has opted to wait and see how the euro performs before joining.

The independent newspaper said "rarely in the history of the world can power — real power, the power of money — have been given up with so little fuss."

The paper urged Prime Minister Tony Blair to get off the fence and set a date for when Britain would join.

The labour-supporting Mirror newspaper also wanted Britain to join, saying "with the euro we could look forward to prosperity and influence. Without it, there will not be too many happy new years for the nation."

The Guardian and Daily Mail were more circumspect, favouring the wait-and-see stance.

But the mass circulation Sun newspaper was openly hostile saying the rest of Europe was "gambling with the lives of 289 million people." "We wish it well, but we're damned glad we're not part of it," it said.

The Times said Britain "will stand stronger for staying out of the euro."

The French left-wing daily Liberation said rarely could such a major historic event

have happened with so little fuss. It described the euro's birth as a moving moment when countries, many in the past at war with one another, gathered together to launch a common currency.

The right-wing Figaro saw the birth of the euro as reflecting the march of history de-

manded by the people. Europe had chosen "adventure rather than immobility... and ambition over decline."

Portuguese newspapers were equally enthusiastic, devoting dozens of pages of their new year's day editions to the new currency "eureka" headlined the *Diário de Notícias*.

Bangladesh Sugar & Food Industries Corporation

Purbaragh Bhaban (1st floor), 3, Dilkusha, Dhaka

Enlistment/Renewal of Contractors

Application in prescribed form are invited by the Chief Engineer (Civil), Bangladesh Sugar & Food Industries Corporation, Purbaragh Bhaban (1st floor), 3, Dilkusha C.A., Dhaka from reputed firms for enlistment of A-1, A-2, A-3 class contractors and renewal of contractors for the year 1999 under Bangladesh Sugar & Food Industries Corporation for carrying out the civil construction works at different enterprises. Application forms will be available from Accounts Deptt. of Bangladesh Sugar & Food Industries Corporation, Adamjee Court (4th floor), 115-120, Motijheel C/A, Dhaka on payment of Tk. 100/= (one hundred) only (non-refundable) from 10-01-99 to 27-01-99 during office hours up to 12.00 Noon. No form will be sold after aforesaid time. Application for renewal and new enlistment with all documents, papers/certificates in original attested will be received in the office of the Chief Engineer (Civil), up to 03-02-99. Bangladesh Sugar & Food Industries Corporation reserves the right for new enlistment/renewal.

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DFP-27416-29/12/98
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Md. Abu Helal Alam
Dy. Chief Engineer (Civil)

Government of the People's Republic of Bangladesh

Office of the Executive Engineer

Bhola PWD Division, Bhola

Notice Inviting Tenders

- Notice No : 22/1998-99 Eng.
- Name of work : Conversion of existing Govt Shishu Sadan into Shishu Paribar (phase-II) one at Bhola.
SH:-
Gr No. I = Constn of Training Centre cum-Pre-Primary School.
Gr No. II = Providing internal sanitary and water supply arrangement to Training Centre cum-Pre-Primary School.
Gr No. III = Providing internal E.I in the Training Centre cum-Pre-Primary School.
- Estimated cost : Gr No. I = Tk 7,94,093/- (Seven lac ninety-four thousand and ninety-three) only.
Gr No. II = Tk 72,499/- (Seventy two thousand four hundred and ninety-nine) only.
Gr No. III = Tk 38,239/- (Thirty eight thousand two hundred and thirty-nine) only.
- Earnest money : Gr No I = Tk 15,900/-
Gr No II = Tk 1,460/-
Gr No III = Tk 775/-
- Date of last : On 12-1-99 during office hours.
- Date of receiving : On 13-1-99 up to 12:00 Noon.
- Place of selling : Office of the all Executive Engineers under PWD Circle, Barisal.
- Eligibility of : Gr No. I = Class I/II/III bldg contractors/firms
Contractor/Firms Enlisted under PWD, PWD Zone, Khulna and PWD Circle, Barisal respectively.
Gr No. II = Class I/II/III Sanitary contractor/firms enlisted under PWD, PWD Zone, Khulna and PWD Circle, Barisal respectively.
Gr No. III = Class I/II/III EM Contractors/Firms Enlisted under PWD, PWD Zone, Khulna and PWD Circle, Barisal respectively which have ABC/BC/C contractory and supervisory licence respectively.
- Renewal fees of all intending contractors/firms must have to be up-to-date.
- Contractors/firms willing to purchase schedule from other divisions should apply to the Executive Engineers concerned at least 5 (five) days before the date of last selling. Otherwise no tender schedule will be sold to him/them.

Executive Engineer
PWD Division, Bhola
Phone No.531

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--BBC Internet

ROK posts \$40b trade surplus in 1998

SEOUL, Jan 2: South Korea posted an all-time record trade surplus of 39.9 billion dollars in 1998, raising hopes for an early recovery of the economy which fell into crisis a year ago, officials said today, reports AFP.

The surplus was twice as large as the combined trade surplus for the four-year period from 1986 to 1989 when South Korea shifted from a chronic trade deficit to the black for the first time in four decades.

"It is remarkable (for South Korea) to achieve such a large trade surplus at a time when the country was struggling with the worst economic crisis in history," an official of the industry-energy ministry said.

"The weak won, low oil price

and last year's gold collection campaign also contributed to the surplus," he said.

He referred to a nationwide patriotic campaign in which South Koreans gathered gold trinkets, to melt into bars and be exported.

The campaign raised an extra 2.2 billion dollars, helping ease pressure on cash-strapped South Korea which had to turn cap-in-hand to the International Monetary Fund (IMF) for a 57-billion-dollar bailout.

1998 exports suffered a negative growth for the first time in 40 years, contracting 2.2 per cent to 133.2 billion dollars, but imports plunged 35.4 per cent to 93.3 billion dollars for a 39.9-billion-dollar surplus.

Nigeria to abolish dual exchange rate

LAGOS, Jan 2: Nigeria's military ruler, General Abdul Salami Abacha, on Friday announced the immediate abolition of a dual exchange rate system which will allow market forces to determine the value of its currency the naira, says AFP.

In a broadcast budget speech, the general said that the country's central bank had been given autonomy "in the formulation and implementation of monetary policies."

Abu Bakar, who pledged to restore democracy this year after he came to power last June, said the dual exchange rate system had caused economic distortion and encouraged personal gain at the expense of public purse.

On taking office following the death of headline junta chief General Sani Abacha, Abu Bakar promised to abolish the dual exchange rate, which had

been criticised by economists and international financial institutions.

He has now announced projected budget figures for 1999 based on an exchange rate of 86 naira to the dollar and assuming a price of nine dollars per barrel for Nigeria's crude oil, the country's main source of revenue.

Nigeria's 1998 budget, based on an assumed crude oil price of 17 dollars per barrel, suffered a deficit of about 2.3 billion dollars in 10 months as a result of the recent slump in world oil prices. Oil accounts for more than 90 per cent of Nigeria's foreign exchange earnings.

The global decline in the international crude oil prices, the reduction in our OPEC quota and the temporary closure of oil wells in the Niger-delta led to a sharp reduction in government foreign exchange earnings from crude oil," Abu Bakar said.

under pressure as their earnings fall.

An escalation in the current trend towards mergers and takeovers is predicted by most analysts. The effect on many shares will be rising prices on speculation of who is next to be bought out. "If you're an adventurous investor, you might look for speculative gains, why not?" Katz said.

Bond blues

In the fixed interest market, while interest rates are falling this does not necessarily mean poor returns for all. Rather

than look at the nominal level of interest rates, investors should consider the real rate of return — interest rates minus inflation, Katz said.

With inflation at historical lows, real returns are not so bad. And inflation is expected to fall still further as the economy slows.

For conservative investors and those who think the market turmoil we have seen this year is not over, bonds remain a safe haven, according to Standard Life's recent Investment View.