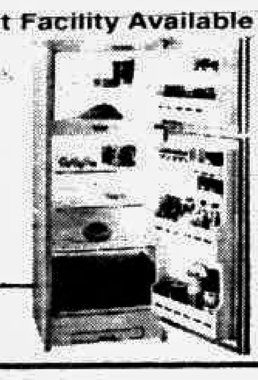
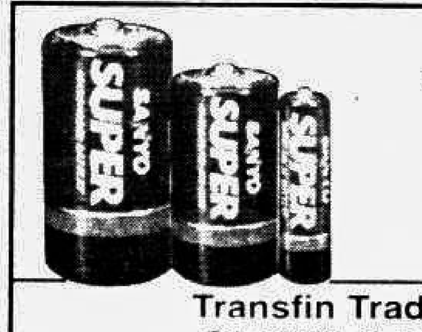


The Daily Star
BUSINESS



DHAKA, MONDAY, JANUARY 11, 1999

JB profits up Tk 20 crore

Janata Bank (JB) has earned Tk 130.98 crore as profit in 1998 registering an increase of Tk 20 crore from that of 110.98 crore in 1997, says a press release of the bank issued yesterday.

This was the result of a significant growth in its import business and also a boom in other field of business.

Janata Bank's import business rose to Tk 4400 crore in 1998 from Tk 3694 crore of 1997, registering a growth of Tk 806 crore. Export earnings of the bank stood at Tk 2165 crore in 1998.

The bank's remittance earnings rose to Tk 985 crore in 1998 from 964 of 1997.

JB deposit growth was registered at Tk 8850.34 crore in 1998. Its also rose to Tk 6812.13 crore from Tk 6171.73 crore of the corresponding period of 1997.

China to encourage car ownership with new loan

BEIJING, Jan 10: China plans to expand access to secured loans for private car buyers this year as part of the country's push to jump start its stagnating auto industry, official media said Sunday, reports AP.

The Agriculture Bank of China will provide individual car buyers with loans guaranteed by insurance companies in hopes of stimulating industrial growth, the Business Weekly reported.

Previous moves toward launching car loan programmes fizzled because the average buyer did not have sufficient financial guarantees to secure a loan, the report said.

Under the latest plan, however, prospective car buyers will pay premiums for insurance that serves as security for the loans, it said.

Other incentives are also in the works, the Business Weekly reported. For example, the State Council, the highest body of government, promises to eliminate hundreds of local fees collected from car owners, it said.

World's oil reserves up by 1.5 pc

BONN, Jan 10: Despite higher consumption, the known petroleum reserves in the world rose by 1.5 per cent to 140.6 billion tons in 1998, the petroleum information service reported Saturday, says Xinhua.

It estimated that oil reserves in the world would be 5.5 trillion tons if petroleum that can only be commercially tapped at higher market prices. The deposits yet to be discovered and the oil in shales and sands are included.

Thanks to discovery of new oil deposits and the improvement in exploration and production technologies, today's known reserves are 45 per cent higher than the 95 billion tons registered in 1985.

Saudi Arabia holds 25.2 per cent of the world's total oil reserves, followed by Iraq (10.7 per cent), Kuwait, the United Arab Emirates and Iran (more than nine per cent each).

Dubai cargo handling up 8pc in '98

DUBAI, Jan 10: Dubai's two ports saw an eight per cent increase in container cargo over 1998, the Managing Director of Dubai Ports Authority (DPA) said yesterday, reports AFP.

Container cargo rose to 2.8 million twenty foot equivalent units (TEUs) in 1998, from 2.6 million TEUs in 1997, Sultan Ibn Sulayem said.

The growth came despite stiff competition from new or expanded ports in the region like Salalah in Oman and Aden in Yemen.

In 1998, DPA ranked as the 10th largest container operator in the world with its two terminals, Jebel Ali and Port Rashid.

Jebel Ali, the largest duty free port in the Middle East, saw companies registered in its free zone grow from about 1,300 to 1,490 in 1998.

Imported vehicle sales plunge in Japan

TOKYO, Jan 10: Sales of imported cars, trucks and buses in Japan plunged 20.9 per cent last month and 24.4 per cent for all of 1998, a Japanese industry association said Friday, reports AP.

The Japan Automobile Importers Association said 26,371 vehicles were sold in December, marking the 21st month of year-on-year declines. Total sales last year came to 275,869 vehicles.

Sales of foreign-made passenger cars fell 18.9 per cent last month to 25,741 units, while sales of imported trucks sank 61.0 per cent to 629 units. One imported bus was sold in December, compared with two a year ago.

Poor response from listed companies

SEC extends deadline for Y2K compliance

By M Shamsur Rahman

In a desperate move to ensure Y2K compliance, the Securities and Exchange Commission (SEC) has extended deadline for the listed companies and the brokers to respond to its call for upgrading their computer software.

Following poor responses from companies to the SEC instruction to update computers, the regulator has decided to extend the deadline to January 31 this year from earlier December 31 last year.

With the beginning of a new century, the depressed capital market may witness a fresh disaster if the computer systems related to stock trading are not made Y2K compliant.

A company may come up with wrong figures about its dividend disbursements, or a securities firm may create a mess of the newly-initiated automated trading system.

With the views to ensuring smooth functioning of the stock markets, the regulators on August 31 last year sent questionnaires to all the listed companies to know about the progress of their computer compliance.

The SEC is following the steps taken by the Securities and Exchange Board of India (SEBI) in this regard.

The SEC might send few of its officials to India to know about their way of dealing with the millennium bug.

The bug can be so fatal that even if computers at a single workstation used by a broker is not updated, it can cause the total trading system to collapse, fears SEC.

Status of CSE

Of the two bourses, the Chittagong Stock Exchange (CSE) on December 2 replied to SEC queries. The CSE said that it has set June, 1999, as the deadline for Y2K compliance for its brokers. It also said that the connectivity testing of the automation project was done and it also planned a seminar on the issue at the end of this month.

Responses from the listed cos

Out of 207 listed companies only six has responded to SEC's call.

Status of DSE

The DSE has asked its hardware and software suppliers for the certification of the Y2K compliance.

Status of SEC

The consultants of SEC MIS department said that the majority of the computers in SEC was Y2K compliant although a few of them were likely to have the millennium bug problem. Out of 22 computers used in SEC, only three are of older models which might not be Y2K compliant.

How can it affect listed cos

The share departments of the companies are using computers for keeping records of their shareholders and dividend disbursements. If the computers are not Y2K compliant, then they may not be able to retrieve addresses of the shareholders and also not know how many of them were paid dividends and how many cases remain unsettled.

The SEC in August this year formed a five-member committee to review and monitor the Y2K compliance by the stock exchanges, brokers, dealers, issuing companies, merchant banks and custodian banks.

"The bug poses a serious challenge to the world's securities markets," said the SEC letter to the companies. The problems that are expected to arise out of non-compliance with the 2000 problem are:

* At midnight on January 1, 2000, the internal date will change from 31/12/99 to 01/01/00.

* All hardware and software that use the two-digit year convention will potentially start malfunctioning because the system will incorrectly read 2000 as 1900 or some other erroneous date.

* Hardware shutdown may occur.

* Data corruption may take place.

"These are not simply technological issues, but core business and regulatory concerns. Calendar dates are very important in the computerised registration of shares, dividends or bonus payment systems, which could lead to a disastrous situation," the SEC said in its letter.

"Considering the importance of the issues, we strongly urge your company to take appropriate and necessary measures to avoid millennium bug-related problems," SEC added.

Govt plans int'l seafood fair to boost export

In an effort to boost the export of seafood, the government has decided to arrange an international fair on seafood in Dhaka in June, says UNB.

The decision was taken at a meeting of the Management Board of Export Promotion Bureau (EPB) yesterday.

The Board also approved the introduction of computer network system at the EPB textiles cell at a cost of Tk 1.5 crore. The installation work will begin soon.

Commerce and Industries Minister Tofail Ahmed attended the meeting.

Speaking on the occasion, Tofail said that the government had withdrawn all taxes and duties from import of computer software and accessories for rapid development of the sector.

The minister asked the EPB to hold talks with software producers and exporters to bridge the gap between them for rapid expansion of the sector.

Turning to the problems and prospects of leather sector, the meeting decided that from now on leather and leather goods exporters would have to be the members of Bangladesh Finished Leather and Leather Goods Exporters Association (BFLLEA).

The exporters will also have to show their memberships in taking loans from banks.

The meeting was told that an international fair on leather, organised by EPB and Leather Exporters Association, would be held for the first time in Dhaka on January 27.

A total of 70 companies, including 12 from India, Italy, Australia, Singapore and Pakistan and 58 host Bangladesh, will participate in the fair.

Among others, AKM Rahmatullah MP, former adviser Manzur Elahi, FBCCI vice-president MA Mumin, BGMEA president Mostafa Golam Quddus, BFLLEA president MA Sattar Bhuiyan, industrialist Sohel F Rahman, commerce secretary Sayed Alamgir Farrouk Chowdhury, EPB vice-chairman AB Chowdhury and representatives from different ministries were present at the meeting.

BB T-bill auction results

The 19th auction of the 28-day, 91-day, 182-day, 364-day, 2-year and 5-year treasury bills were held yesterday, reports UNB.

Eighty-five bids for a total of Tk 1050.50 crore, 14 bids for a total of Tk 71.50 crore, one bid for Tk 5.00 crore, 16 bids for a total of Tk 111.75 crore and 12 bids for a total of Tk 112.00 crore were offered respectively for the 28-day, 91-day, 182-day and 364-day and 2-year bills.

Of these, 13 bids for a total of Tk 572.00 crore of 28-day bill, 5 bids for a total of Tk 14.00 crore of 91-day bill and one bid each both for the 182-day and 364-day bills for Tk 5.00 crore were accepted.

The weighted average prices against the 28-day, 91-day, 182-day and 364-day bills were Tk 99.42, Tk 97.88, Tk 95.44 and Tk 91.00 per 100 taka respectively.

The corresponding yields are 7.64 per cent, 8.65 per cent, 9.55 per cent and 9.89 per cent per annum.

'Feeding China needs more agri research funds'

BEIJING, Jan 10: China must spend more on agricultural research and development in order to continue to feed its growing population, a state-run newspaper on Sunday quoted a leading agricultural expert as saying, says AP.

The world's most populous country must rely on scientific advances in farming because of limited resources. So Huang Jikun, director of the Centre for Chinese Agricultural Policy at the Chinese Academy of Agricultural Sciences, called for a large infusion of capital for research, Business Weekly reported.

China's population is expected to peak at 1.6 billion people in 2030. By then, per capita arable land will be reduced to 0.05 hectares (0.12 acres), down from the current 0.08 hectares (0.2 acres), and competition for water between agriculture and industry will become even more intense.

Huang also appealed for an overhaul of the Chinese agricultural research system.

The country's 1,000 farm research institutes have failed to coordinate their work, the paper reported. As a result, they often produce overlapping research, it said.

Also, government officials frequently determine research topics, disregarding the demands of Chinese farmers, the report said.

In addition, 17 major agricultural research institutes have spent profits from spinoff businesses mainly on benefits for their employees instead of on new research projects, it said.

Uniden representative Amy Fennegan demonstrates the Long Distance Manager cordless phone on display during the International Consumer Electronics Show in Las Vegas, Friday. The new smart phone goes price shopping every time you dial, seeking the cheapest long distance rate. — UNB/AP photo

Italy-Japan jt statement

Int'l financial system needs to be improved

ROME, Jan 10: Prime Minister Keizo Obuchi of Japan and Massimo D'Alema of Italy yesterday called for changes and improvements to the world's financial system, says AFP.

Obuchi, who arrived on Friday from Paris and who met Pope John Paul II earlier in the day, is on a week-long European tour to talk up the role of the yen in the world economy, particularly after the birth of the euro.

The two men issued a joint statement saying it was time to make improvements, and also stressed the yen's role in the new financial landscape alongside the dollar and the euro.

"We had an extensive and candid exchange of views on developments in the global economy and ways to strengthen the international monetary and financial systems, as well as to enhance cooperation between Italy and Japan", they said.

We agreed that the international financial system needs to be improved in order to achieve a sound development of the world economy.

"For that purpose, we committed ourselves to working together in various fields, in cooperation with other G7 countries, such as enhancing financial-sector supervision".

The statement cited the challenge of tackling issues related to internationally active institutional investors, including hedge funds: addressing issues of exchange rate regimes, and improving the IMF (International Monetary Fund) programmes and procedures.

The two men also agreed that foreign exchange market stability was in every country's interest, adding though that "the stability of the euro/yen exchange rate is especially important.

"From this viewpoint, we agreed to monitor developments of exchange markets more closely and seek to establish a renewed framework for mutual cooperation given the launch of the euro."

In a separate statement, D'Alema's office said the two men had agreed to strengthen political, economic and also cultural ties between the two countries.

DHL becomes leading Colitel shareholder

Pursuing the development of its logistical know-how, DHL has become the biggest shareholder (by 51 per cent) of Colitel, a French expert in immediate transport and customised logistical services, says a press release issued yesterday.

Having worked hand in hand for several years and both sharing a strong sense of customer service, the acquisition of Colitel by DHL will now open new horizons. Colitel will expand its services internationally, while DHL will be able to provide an ever-more efficient express delivery service on the French domestic market, as well as to expand its logistical capabilities as a distributor of critical parts.

Created in 1981, Colitel first specialised in the area of customised immediate transport, round-the-clock and seven days a week, using all means of transportation (motorbikes, station wagons, vans, couriers, combined air and rail transport, helicopters, taxi-planes...) for small parcels to shipments up to 3 tons. Its services include deliveries in 3 hours anywhere in France and 3 hours anywhere in Europe when using its taxi-plane operations.

For some years, Colitel has provided global solutions including specific logistic services: Management of centralised warehouses and local inventories of critical parts, customised processing of orders with technical support, on-site exchange operations. These services have made Colitel a trusted partner for many multinational groups in advanced technologies. In September 1998, these services received an ISO 9002 certification.

Today, Colitel network includes 17 strategic part centers, spread throughout France. Colitel network's has registered a growth in sales of 50 per cent in 2 years and is expected to reach FRF 140 million at the end of the next period. In 1988, Colitel handled an average of 22,000 urgent missions per month in 1998. It has a staff of 155 in France.

Acquired by DHL, the international leader of express delivery services, Colitel will be able to continue serving its customers as they grow abroad, as well as expand its know-how.

Wall Street starts new year with cheer

NEW YORK, Dec 10: Wall Street started the new year with cheer and fanfare as US blue-chip stocks capped the first week of 1998 with a whopping five per cent climb to record-breaking heights, says AFP.

The Dow Jones industrial average rose to new territory at 9,643.32 points by the end of trade Friday, 5.03 per cent over its level at the previous week's close.

The principal US blue-chip index had gained 462 points on the week, closing ground on its much-vaunted 10,000-point barrier.

Other key US stock indices broke their own records: the Standard and Poor's 500 gained 3.73 per cent on the week to an all-time high at 1,275.09 points, while the Nasdaq composite index rose 6.92 per cent to an unprecedented 2,344.41 points.

The bond market was the main victim of the stock market's good cheer, as portfolio managers switched assets from bonds into stocks.

The average yield on the benchmark 30-year treasury bonds climbed to 5.256 per cent by Friday's close from 5.090 per cent a week earlier, the yield, moving inversely with prices, was at its highest level since November 23.

The dollar meanwhile continued to weaken against the yen throughout the week, sliding to 110.70 yen from 113.45 — but at the same time it gained on the euro, which fell to 1.157 dollars per euro by the end of the week from 1.1667 at the start.

Stock buying was spurred with news Friday that US unemployment had fallen to 4.3 per cent in the month of December from November's already-low 4.4 per cent, suggesting the US economic expansion remains in good form.

Economists had expected a rise to 4.5 per cent in the December jobless figure.

Analysts said the current bullish mood at the southern end of Manhattan could wane as potentially dreary corporate earnings results are reported, over the next two weeks, for the fourth quarter of last year.

But optimism reigned its first week of the new year, as exemplified by shakes of Alcoa, the world's leading producer of aluminium.

Microsoft closed Friday at 149-7/8, up from 138-11/16 a week earlier, and intel closed at 129-11/16, up from 118-9/16.

AT and T which appeared to be succeeding in efforts to transform itself from a traditional telephone company into a multimedia player.

Intel sees big share for India in chip-making industry

By Frederick Noronha

DONA PAULA, (Goa), Jan 10: India has the potential and opportunities to bag a greater share in the global chip-manufacturing industry, according to Intel vice president David Perlmutter.

Perlmutter, who is at the helm of Intel's microprocessor products group, was here to participate in a meeting of some of the largest global corporations involved in chip design.

"Opportunities do exist (for India in the field of chip design). But communication and other infrastructure problems need to be overcome," Perlmutter, who has already been to Delhi, Mumbai and Bangalore, told IANS.

"Many people from India in the US are doing very well in chip design," noted Perlmutter, who was "quite impressed with some facilities" in India. Asked whether the Indian government was being too slow in facilitating foreign investment, Perlmutter said tactfully: "Every government moves too slow."

The next on the agenda for Intel, which dominates the global computer chip industry, is greater investment in India. "Intel is on the lookout for companies that are aggressive, have good business plans and good ideas," Perlmutter said. "These are the start-up type of companies that we would like to invest in," Ramamurthy Sivakumar, director of Intel's Bangalore-based India Technology Centre, said.

Stressing that India was important to Intel, Sivakumar said the company's CEO, Craig Barrett, had been visiting the country for three years in a row. Other visits by senior executives were planned shortly, he said.

Besides being a "huge market" for Intel, India was teaching the mega corporation new strategies, Sivakumar said, adding that because of its peculiar market needs, India was pushing Intel into changing its product portfolio.

"The issue is to give products to every segment of computing. This is what we are learning about the Indian market and that will get reflected in products we design in the future," Sivakumar said.

Since different sections of computer users had different requirements, Sivakumar said, products like set-top boxes, set-top computers and hand-held devices were "becoming much more important".

— India Abroad News Service

Mega-mergers driven by booming economic forces

The proposed acquisition by Exxon of Mobil — costing $80,100 million to form the world's largest corporation with an estimated market capitalisation of about $242,000 million — goes well beyond any such previous merger in global reach and scale.

Mega-mergers like the one involving Exxon and Mobil, made possible by booming economies and booming financial markets, are posing equally booming challenges to regulators aiming to keep the global market place free of dominance by a small group of players.

These mergers bring economies of scale that reduce companies' costs of doing business while also providing opportunities to reach select niche markets previously open only to their competitors.

Since the beginning of 1998, there have been 11 announced mergers involving corporations in the United States and Europe in the pharmaceutical, oil, automotive, telecommunication and banking sectors.

In 1997-98, there were worldwide $1,300,000 million in proposed global mergers and acquisitions announced, Ali Wambold, managing director of Lazard, Freres & Co, LLC, said during recent hearings of the US Justice Department's International Competition Policy Advisory Committee (ICPAC). Not all the proposed mergers and acquisitions reach the final stage for a variety of reasons, he added. A number of analysts assert that the pace of mergers and acquisitions of the past two years is likely to continue into 1999 and beyond.

Mergers of large companies are not new, of course. Strong capital markets and strong economies fueled a similar period of mergers 100 years ago. What is different now are changes in the global economy and in technology, Wambold said. Just as merger waves run in tandem with booming economies and financial markets, he said, the most-dynamic industries tend to be at the center of mergers.

According to James Langenfeld, a principal in the Law and Economics Consulting Group, corporations seek mergers to generate ready cash, to improve the benefits of relative stock valuation, to gain tax credits, to sustain growth and to diversify.

Langenfeld also said corporations seeking mergers consider such factors as complementary products, complementary geographic coverage, comparable technologies and technology transfer, protection of intellectual property rights, cost savings, acquisition of market share and elimination of competition. While mergers might improve economic efficiencies in the markets they affect, he said, the trade-off is reduced competition that will ultimately hurt consumers.

More and more mergers will require multijurisdictional review by competition agencies not only in the United States and the European Union (EU), but also in Asia and Latin America, requiring intense cooperation and sharing of highly sensitive information. The United States and EU have demonstrated that this can be done before with considerable success.

Antitrust agencies seek to prevent market dominance by a single transnational corporation and prevent cartel formation and cartel-like behaviour, Langenfeld said during recent hearings. He said they view hardcore cartels as doing the most harm to competition by raising prices and restricting supply of goods and services. Cartels also distort world trade and create waste and inefficiency in countries where markets would otherwise be competitive, he said.

Regulation of multinational hardcore cartels places heavy demands on national antitrust authorities. It requires them not only to increase their own scrutiny, but also to deal with antitrust authorities in other countries that might have quite different competition standards, Langenfeld said. Compounding that problem, he said, is that such multijurisdictional reviews can be influenced by many outside factors, creating delays and additional costs.

More friction is created among different national authorities, Langenfeld said, when in cases of transnational mergers, some authorities focus more on dominance of the market place and others more on consumer welfare.

What has created a highly favorable environment for mergers and acquisitions among transnationals in developed economies, says Steven Wolitzer, managing director of Lehman Brothers, has been an extended period of steady economic growth coupled with low inflation.

Wolitzer also said in recent hearings that for many corporations the only avenue for raising revenues is through mergers. Many corporations find it difficult to expand operations by adding plant and equipment, which carries very high initial costs and brings a slow return on investment.

— USIS news feature