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Bangkok cuts bonuses for workers

BANGKOK, Jan 29: Already facing possible layoffs, Thailand's state workers may have their yearly bonuses slashed, a local paper reported Friday, says AP.

The Finance Ministry will propose a 30 per cent cut in the annual bonus of all state enterprise workers, the Bangkok Post quoted a ministry official as saying.

Reductions in year-end bonuses at several private companies have sparked riots by workers during the past few years. State enterprise workers have already staged protests in front of parliament over the government's plans to privatize their industries.

The ministry will also ask that annual bonuses be limited to no more than five times the monthly salary.

The purpose is to reduce the discrepancy in pay scales between the private sector and state enterprises.

Filipino growth plunges in '98

MANILA, Jan 29: Economic growth in the Philippines contracted sharply in 1998, with gross national product expanding a meager 0.1 per cent after rising 5.8 per cent in 1997, the government said Friday, reports AP.

Gross domestic product contracted 0.5 per cent in 1998 after growing 5.1 per cent in 1997.

The economic performance was considerably below economists' forecasts and the government's own targets.

For the fourth quarter, GNP contracted 1.2 per cent while GDP shrank 1.9 per cent.

GNP, a measure of a country's output of goods and services, includes the billions of dollars sent home each year by overseas Filipino workers, while GDP does not.

Socio-Economic Planning Secretary Felipe Belmonte blamed the contraction in the economy in the fourth quarter to falling farm output caused by two typhoons in October and also on a weak construction sector.

Growth in the first half of 1998 was constricted by a severe drought attributed to the El Nino weather condition which resulted in a sharp fall in agricultural production.

For the whole of 1998, agricultural output fell 6.7 per cent, one of the worst performances on record.

Medalla said, however, he expects a strong rebound in agriculture this year if weather conditions are favourable.

Privacy groups vow to expand Intel boycott

WASHINGTON, Jan 29: Intel Corp. met here with privacy groups but failed to convince them to drop their boycott over new technology in its new Pentium III computer chips that helps identify consumers as they move across the Internet, says AP.

Instead, the groups promised to expand their boycott to include any computer makers that sell machines using the Pentium III, expected on the market within weeks.

The distributors of a privacy toxin are as liable as the manufacturers of a privacy toxin," said Jason Catlett, president of Junkbusters Corp. of Green Brook, New Jersey, which helped organize the boycott with the Washington-based Electronic Privacy Information Center.

Spokesmen for Compaq Computer Corp. and Dell Computer Corp., among the nation's largest computer makers, couldn't be reached late Thursday to respond.

Intel spokesman Chuck Mulloy rejected the groups' call for his company to recall Pentium III chips already sent to computer manufacturers.

"We have no comment on their demands other than to say we've briefed them," Mulloy said. The chips are "in the hands of the (computer makers), and systems are being built."

The groups also said they will consider asking the Federal Trade Commission to file a complaint against Intel, and they disclosed that attorneys general in some states, including New York and Massachusetts, contacted them this week about the privacy issue.

Intel, the world's largest computer chip-maker, unveiled new technology last week in its newest Pentium chip that can transmit its unique serial number internally and to Web sites that request it to help verify users. The company said the technology will help online merchants eliminate fraud by verifying a consumer's identity.

Responding to privacy concerns, Intel promised Monday to offer free software to let consumers permanently turn off the feature. It also pledged to use the software to turn off the technology by default in future copies of the chips.

The privacy groups criticized those steps as inadequate, saying they want Intel to require computer makers to turn the tracking technology off by default. They also complained that tracer can be reactivated without warning.

India, Pakistan ready to finalise power deal

NEW DELHI, Jan 29: Indian and Pakistani officials began talks here today on the proposed cross-border sale of electricity to India, says AFP.

Shahid Hassan, the senior-most Pakistani official at the water and power ministry, headed the visiting delegation. The Indian side was led by Special Secretary in the power ministry, Pradeep Bajjal, an Indian official said.

The two sides were discussing details including tariffs for an initial supply of around 100 megawatts of power to the northern Indian cities of Amritsar and Ferozepur from the Pakistani city of Lahore.

"A memorandum of understanding has already been drawn up and technical parameters are likely to be finalised this time on transfer of power," Power Minister P Kumaramanglam told reporters after meeting briefly with the Pakistani delegation.

This is a very important discussion between the two countries and is based on total economic considerations.

"I hope the talks will be fruitful and even after the tie-up we will continue to have a better understanding with Pakistan," Kumaramanglam said.

A proposal for Pakistan to supply power to the Indian state of Rajasthan was also on the agenda, along with related technical, financial and legal issues.

The two sides discussed cross-border power sales last year and reached a broad agreement to transfer up to 500 megawatts of electricity in the short-run.

"We have come with an open mind to sell power to India,"

Hassan said.

The first round of talks in Islamabad was positive and that is why we are having the second round here," he said.

The Business Standard daily said India would try to bargain for "3-4 cents for a unit of electricity" and not accept the "high 7-8 cents being offered by Pakistan."

The daily, quoted a power ministry source, said India did not want to extend guarantees to power producers in Pakistan and "want to limit the power tariff only to the variable costs."

India is facing an acute power shortage. It has a peak demand of around 68,000 megawatts and a generating capacity of 81,000 megawatts, some 60 per cent of that is lost through plant and transmission inefficiencies.

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Court decision to quash freeze on forex accounts

Pak banks asked to sit back as govt prepares to appeal

KARACHI, Jan 29: Pakistan's central bank has asked all commercial banks to sit back as the authorities prepare to appeal a court decision quashing a freeze on foreign currency accounts, bankers said yesterday, reports AFP.

An application for a withdrawal of foreign currency has to be referred to the central State Bank of Pakistan (SBP), according to a directive issued late Wednesday, banks should not take any action on withdrawal requests, it said.

The advice came hours after a provincial High Court Wednesday quashed a freeze on forex accounts imposed by the government after carrying out nuclear tests last year.

The freeze was ordered to forestall feared capital flight after the tests, which provoked international sanctions.

An appeal would be lodged at the Supreme Court against the Lahore High Court verdict within a 60-day constitutional time limit, the SBP said.

"A firm decision has been taken on the basis of legal advice that this is a fit case for appeal," it said.

A three-member Judicial Bench declared the freeze on forex accounts worth 11 billion dollars as illegal.

The accounts were frozen May 28 amid fears of a run on forex deposits following the nuclear tests, which led foreign-exchange inflows to dry up and pushed the country into a financial crisis.

The government later allowed account holders to convert their forex holdings at the rate of 46 rupees to the dollar, lower than the open market rate, and also floated foreign bonds which could be bought against frozen deposits.

Finance Minister Ishaq Dar said Sunday account holders had converted deposits worth around four billion dollars, besides purchasing bonds to the tune of about 453 million dollars.

He said the freeze would remain in force until forex reserves stabilize.

An executive of a US bank operating in Pakistan said he had already received 35 to 40 calls from foreign currency account holders about the status of the freeze following the court verdict.

"I think most of them wanted to check whether ban was lifted or not. It wasn't clear whether they wanted to withdraw money from the accounts or not," he said.

A businessman said he contacted Habib Bank Ltd to seek a withdrawal but was told that the request would be sent to the central bank.

"I don't think the government can allow withdrawals from forex accounts easily. They don't have dollars and sterling to pay to account holders," he said.

An editorial in the national daily said the government would now find itself "caught in a cleft stick, since the defreeze theoretically allows depositors to ask for forex from the banks."

The government, which is not in a position to meet a run on forex accounts, has the option to file an appeal provided "solid grounds can be adduced."

"It will also have to burn the midnight oil to prevent them very outcome the freeze was intended to preempt... but now in a climate of heightened suspicion of its motives on the part of forex account holders," the editorial said.

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US Ambassador in Bangladesh John C Holzman (L) called on M H Rahman (C), President of the Dhaka Chamber of Commerce and Industry (DCCI), at the DCCI office on Thursday. They discussed various aspects of economy and matters of trade cooperation between the two countries. Senior Vice-President, Sajjatz Jumma, was present on the occasion.

—DCCI photo

\$56 Yahoo-GeoCities deal to spur on-line commerce

NEW YORK, Jan 29: Yahoo! Inc., one of the top sites on the Internet, is buying rival GeoCities Inc. for \$5.02 billion, a deal that will broaden Yahoo!'s Web services by allowing customers to set up home pages or chat with others on a vast array of topics, says AP.

Thursday's purchase is the latest in a spree of deals that are helping transform the Internet from a chaotic collection of disparate sites into a more organised place to shop, do research and exchange information.

"From a consumer perspective, these companies will come together so the consumer experience becomes richer," said Sajal Krishnan, a principal with the consulting firm Booz Allen

Hamilton. "The Internet starts delivering on all the hype. It starts becoming easier to use, less complicated."

Such deals are also creating a more effective medium for advertisers and retailers.

Yahoo!, based in Santa Clara, California, was the third-most visited Web destination last month, attracting 27 million Internet users, according to researcher Media Metrix Inc. It is known as a "portal" because it gives users a gateway to other services including stock quotes, news, and e-mail.

Like other players in the fast-consolidating Internet industry, Yahoo! wants to expand further by pulling in a range of other popular sites where it can direct its visitors. The two sites will continue to operate separately, but will have more links to each other.

GeoCities, based in Los Angeles, in the No 5 Web destinations and has been used by several million people to set up home pages where they can publish their writings, post their family photos or try to sell things. These pages can be established in one of 41 "neighborhoods." For instance, the "Heartland" neighborhood caters to families while NapValley is for wine lovers.

GeoCities also runs a wide collection of discussion groups.

Yahoo!'s main limitation is that many users only use it for brief periods of time, something advertisers dislike.

Yahoo! went after GeoCities "because they're trying to keep people on their Web sites for a

long as possible, and give people as little opportunity as possible to leave," Krishnan said.

One additional factor attracting these players is the potential to capture a chunk of the Internet's fast-growing sales. Last year, online sales totaled \$4.9 billion, and are projected to jump more than five times, to \$29 billion in four years, according to Jupiter Communications LLC.

That's why Yahoo! was willing to pay a 52 per cent premium over GeoCities' closing stock price Wednesday, even though the company reported Thursday it lost \$8.4 million or 27 cents a share, on sales of \$7.5 million last quarter.

The race to capture visitors to the Web has created a frenzied pace of consolidation

among Internet businesses. Internet companies, many of whom aren't expected to be profitable for years, have seen their stocks soar due to incredibly high expectations among investors for a big payoff in the future.

In its deal, Yahoo! will exchange about 10.6 million shares of its stock for the 31.4 million shares of GeoCities common stock. In addition, Yahoo! will convert about 8.9 million GeoCities stock options into about 3 million Yahoo! stock options.

Based on Wednesday's closing prices, the deal was worth \$4.58 billion, however Yahoo!'s stock rose more than 9 per cent on the Nasdaq Stock Market, jumping \$31.875, to \$367.75, thereby increasing the value of

the deal. GeoCities' stock rose 56 per cent, up \$42.25 a share to \$117.25.

Among other recent purchases, At Home Corp., a provider of high-speed Internet access, reached agreement last week to buy Excite Inc., one of Yahoo!'s biggest rivals, in a deal now worth \$6.55 billion.

America Online Inc., the biggest Internet service provider agreed last fall to buy Web software company Netscape Communications Corp. in a deal now valued at \$7.8 billion.

Thursday's deal puts pressure on Lycos Inc., the fourth most-visited Web site, to find a partner in the fast-shrinking pool of major sites.

SEC okays PAL debt payment

MANILA, Jan 29: Manila's Securities and Exchange Commission gave permission Friday to ailing Philippine Airlines to pay \$38 million to its major foreign creditors, despite a petition from local banks seeking to block the transfer, says AP.

The petition, filed by two syndicates of Philippine banks owed \$242 million, opposed the payment on the grounds that PAL secured in July a moratorium from the SEC on servicing its \$2.2 billion in debts.

"PAL cannot make selective payments to favoured foreign creditors to the grave prejudice of other creditors," the banks said.

PAL applied to the SEC Thursday to make the initial payment to major secured creditors, which consist of a consortium of European financial institutions and the US Export-Import Bank. Combined they are owed \$1.3 billion of PAL's debts and have liens on 19 of its aircraft, the airline said.

The payment is aimed at appeasing these creditors, who will be asked to approve a new rehabilitation plan for the loss-making airline.

PAL said the money for its debt repayment since June 1998 would come mostly from operational revenues, in an "indication of its improving cash flow position."

PAL said it is discussing with its major creditors a deal under which they would pledge not to attempt to confiscate any aircraft before March 15 in exchange for the \$138 million payment. That would allow PAL time to prepare a revised rehabilitation time, it said.

The loans of the two banking syndicates are only partially secured and they will not share in the payout.

DCCI trade team off to Tripura

A 16-member high-powered trade delegation of the Dhaka Chamber of Commerce and Industry (DCCI) led by its President M H Rahman left Dhaka for Tripura yesterday.

The team is scheduled to participate at the 12th Tripura Industrial Fair-99 organized by the Tripura Chamber of Commerce and Industry (TCCI).

The delegation will meet the minister for Commerce and Industry of Tripura State Government to discuss possibilities for bilateral trade and investment. The delegation is also due for meeting business leaders of the TCCI to discuss possibilities for bilateral trade expansion, says a press release.

The DCCI President is accompanied, among others by DCCI Senior Vice-President Sajjatz Jumma, Vice-President Nasir Hossain, Directors Khandker A Salam, Iqbal Hassan Mahmood, Afzabul Islam, A Y Mc Osman, Md Mazharul Islam, Mohammed Zairul Abedin, Khurshed Ali Mollah, AM Mubash-Shar, Giassuddin Ahmed and Member Syed Toufique Ali. Shamsuddoha Shimu, Assistant Secretary of the DCCI, accompanied the delegation as Secretary.

Ford to buy part of Volvo business

DETROIT, Jan 29: Ford Motor Co will buy the passenger car division of Sweden's Volvo AB for \$6.45 billion (50 billion kronor), the companies confirmed early Tuesday, reports AP.

"Our 21st century vision is to become the world's leading consumer company that provides automotive products and services," Ford Chairman William Clay Ford Jr. said in a statement. "The addition of Volvo is a meaningful step toward achieving this vision."

In a brief statement, Volvo said the sale of its Volvo Cars unit would allow the company to focus on its other operations, including commercial vehicles and interests such as construction equipment, marine engines and aerospace equipment.

Ford and Volvo have scheduled a joint news conference via satellite for 8 am EST (1300 GMT).

Volvo has been one of several auto companies considering mergers or acquisitions since last year's big merger of Chrysler Corp. and Daimler-Benz AG. Italy's Fiat SpA and Germany's Volkswagen AG have reportedly expressed interest in Volvo, but most of the speculation in recent weeks has focused on Fiat and Ford.

Acquiring Volvo would allow Ford to expand its 10 per cent share of the European market by offering a broader line of near-luxury sedans and station wagons. And Volvo would help Ford in its effort to market itself as a leader in automotive safety.

All of those prospects make Volvo and its "premium automotive brand with unique appeal" a bonus in Ford's bids to broaden its vehicle lineup, business and image globally, said Jac Nasser, Ford's president and chief executive.

Volvo has a world-class reputation for safety, quality, durability and environmental responsibility — all of which are attributes that are increasingly important to our customers....," Nasser said.

Describing itself a relatively small niche player, Volvo said its passenger-car unit would benefit from economies of scale inherent as part of Ford, the world's No 2 automaker.

"It makes a lot of sense for Ford," said analyst Joe Philippi of Lehman Brothers. "As long as they don't overpay for it."

Ford already owns Jaguar Cars Ltd., whose cars are priced well above Volvo's. Ford's European cars, meanwhile, are priced below Volvo's.

The interesting thing is there's so little overlap, even with Jaguar," Philippi said. "Volvo prices start, so that's not really an issue. In Europe, it helps them enormously."

Volvo sold almost 400,000 cars last year, with 100,200 of them in the United States. Sweden was its second-largest market, with 53,600 cars sold.

This isn't the first time Volvo has been involved in merger discussions. Stockholders blocked a proposed merger with Renault SA of France in 1993. Opponents, mostly small shareholders in Sweden and mid-level managers, were worried about control of Volvo and jobs moving outside Sweden, where manufacturing costs are high.

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Consumer prices up in Japan

TOKYO, Jan 29: Consumer prices in the Tokyo metropolitan area rose slightly in January, with the consumer price index increasing 0.1 per cent from the same month a year ago, the government said Friday, reports AP.

That was slower than the rise of an average 0.4 per cent forecast by analysts surveyed by Dow Jones Newswires. In December, the index climbed 0.7 per cent from a year earlier.

Nationwide, the consumer price index in December rose 0.6 per cent overall, compared to the same month in 1997.

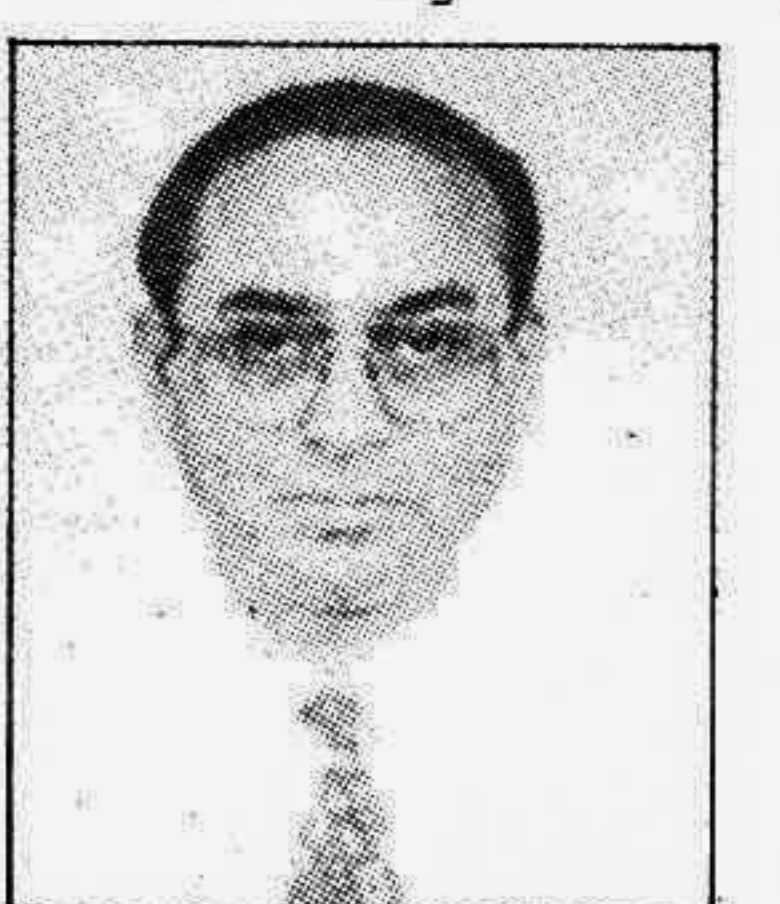
The indexes for both Tokyo and the rest of Japan were figured before adjustment for seasonal factors.

The pace of month-on-month declines in Tokyo consumer prices accelerated in January from a 0.3 per cent fall in December, as prices of clothing, fresh vegetables and entertainment fell, more than offsetting an increase in prices of fresh vegetables, the agency said.

But Tokyo consumer prices were buoyed from year-earlier levels by higher prices for fresh fruit and school tuition, which made up for declines in prices for electricity, hardware, car-related costs and entertainment, the agency said.

For all of 1998, nationwide prices were buoyed from the previous year by higher prices for food, insurance and medicine and education, which made up for declines in prices of electricity, water, furniture and telecommunications, it said.

ISO 9000 expert in city



M Wali Alam, President of Quality Institute of America (QIA), a company engaged in implementing ISO 9000, is in the city on a two-week visit to Bangladesh from USA.

During his stay, Alam will visit various business houses interested in implementing ISO 9000, says a press release.

QIA is also bringing in upgraded techniques of Manufacturing Resource Planning (MRP) and Statistical Process Control (SPC).

Alam who is an expert in the field of Management Development, will be available for discussions and can be contacted at 9882770 or 601852.

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