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DHAKA, TUESDAY, FEBRUARY 2, 1999

Interest shown in five sectors

Pakistanis willing to set up joint ventures in Bangladesh

A delegation of Pakistani entrepreneurs showed interest to invest in Bangladesh in textiles, sports goods, sugar mills, fruit-processing and software sectors, reports UNB.

Their interest was evinced at a meeting between the visiting 15-member investment delegation of Lahore Chamber of Commerce and Industries (LCCI) and BOI officials here yesterday.

Officials said the meeting aimed at exploring the possibilities of setting up joint-venture industries in Bangladesh.

LCCI President Parvez Hanif led the Pak delegation while executive Chairman in charge of the Board of Investment Zahid Hussain led the host side.

The Pakistani businessmen stressed the need for frequent exchange of visit of private-sector chamber representatives as well as government officials to both the countries.

This step, they said, would help develop trade and investment between the two friendly countries. Bangladesh welcomed the proposal.

Welcoming the Pak team Zahid Hussain explained the

facilities and incentives on offer here for the foreign investors.

He listed recent reform measures undertaken by the

Bangladesh government, including permission for setting up Export Processing Zones in private sector, private investment in power sector, corporate

tax breaks for private-sector power companies for 15 years and permitting them to import plants and equipment free of customs duty and VAT.



A 16-member trade delegation from Lahore Chamber of Commerce and Industry (LCCI), Pakistan, met the members of the Metropolitan Chamber of Commerce and Industry (MCCI), Dhaka, at the Chamber office yesterday. Among others, Pervez Hanif, President of LCCI, Mahbub Jamil, President of MCCI, were also present.

Deputy Governor admits BB's lack of initiative

Banks likely to face panic cash withdrawal over Y2K glitch

Star Business Report

The Y2K glitch is likely to pose multifarious problems for the country's banking system, the severest being massive cash withdrawals by panicky clients.

This was observed by experts at a workshop on 'Y2K Issues in the Financial System of Bangladesh' at the Bangladesh Institute of Bank Management (BIBM) in city yesterday.

Chairing a session of the workshop, Sohrab Uddin, Deputy Governor of Bangladesh Bank, said that discussions on the Y2K problem at the national level were not carried out as were expected. The central bank should have played the main role in this regard.

However, the Deputy Governor said if experts feel, a high-level committee may be formed to address the Y2K issue to ensure safeguard of the banks.

Presenting his keynote paper on the issue, Dr Anamul Raheem, a faculty member of BIBM, said: "Every prudent person will decide to keep a few weeks' cash in hand in December 1999. The problem is that if every one in Bangladesh decides

to act this way, banks will run out of cash."

The role of Bangladesh Bank regarding the Y2K problem has remained limited to the formation of a committee. In most cases, bankers and vendors have ignored the problem, he added.

He said that the first day of the year 2000 will turn into a doomsday if banks and other financial bodies fail to ensure that their internal and external network (computer) environments are completely free from millennium bug.

Any computer operation that uses date-sensitive technology will be affected unless the programmes are matched to brave the Y2K glitch. Many applications whose functions do not appear to rely on dates may indeed have processors that are date-sensitive and non-Y2K compliant.

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to act this way, banks will run out of cash."

traffic control towers and financial data transmission systems. The year 2000 problem, if not corrected, could have adverse effects on the economic performances around the world. It may have cross-border effects with possible economic disturbances having an international dimension, he said, adding that inadequate preparations by utilities and telecommunication firms might mean that they would be unable to provide services.

He said: "The economies like Bangladesh could be benefited a lot from the Y2K problem by exporting programmers for fixing it up, but our policy-makers failed to react properly and lost the opportunity to diversify further our export base and make our national economy safer."

Even when every possible stakeholders are sure about the Y2K compliance, a certain percentage of system may malfunction after the century rolls over, Raheem said.

"The year 2000 will be recognised by computers as '00'. But '00' is not the next logical

number of '99'. The failure by computers to read '00' has become one of the world's largest nightmares."

At the century date-change, a large number of computer systems, software programmes and chips, will commit errors or be subjected to malfunctioning unless the date or programme logic is modified.

Many calculations will either indicate that financial transactions have been open for nearly one hundred years or will produce negative numbers. New files may not be recognised as the most recent data, causing erasure of current files or archiving them as old data.

Because of its scope and potential impact, the century date change is also a complex organisational issue facing the highest levels of senior management.

IT Analyst of British American Tobacco (BAT), M A Matin said it is not an IT issue, it is rather a threat to business continuity. Factories might shut down if the problem is not properly addressed, he added.

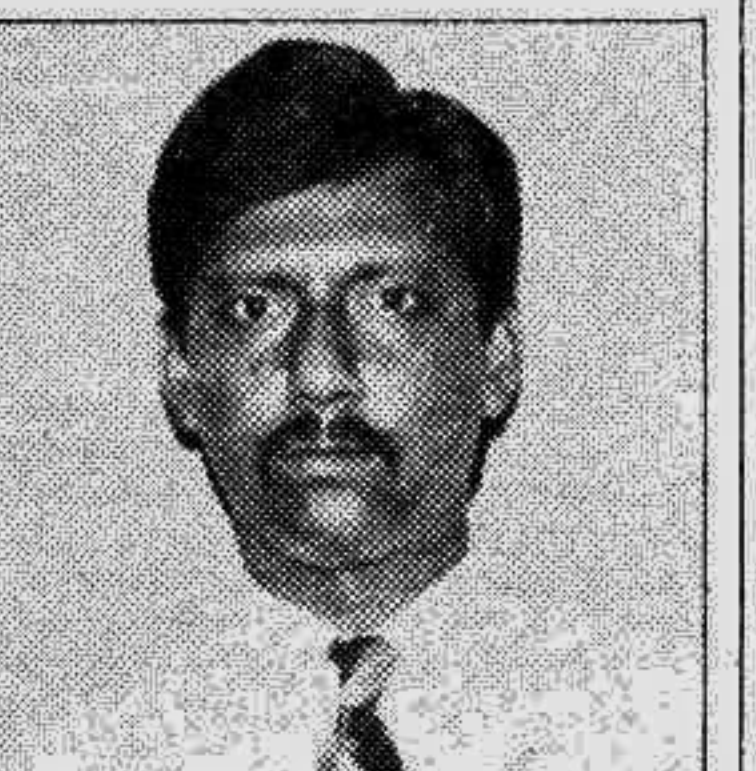
Padma, Shell celebrate 50-yr partnership

To celebrate the historic occasion of 50 years of partnership with Shell in aviation refuelling services in Bangladesh, Padma Oil Company Limited held a grand function last night at a local hotel, says a press release issued in city yesterday.

The dinner coincided with the visit to Dhaka of officials from Shell Aviation Ltd and other senior staff.

Syed, Tanyer, Hussain, Chairman of Padma Oil Company, inaugurated the function.

M Anwarul Haq, General Manager of Padma Oil Company Ltd, gave the welcome speech, while Mominur Rahman, Aviation Manager of Padma Oil Company Ltd, James Ashworth of Shell International Petroleum Company Limited, government secretaries, chief of air staff, senior Air Force officials, ambassadors, senior diplomats and other high ranking officials attended.



New MD of AIMS

Star Business Report
Yawer Sayeed is the new Managing Director of Asset and Investment Management Services of Bangladesh Limited (AIMS).

A noted capital market consultant, he is an Associate of the Securities Institute of Australia, says a press release.

He is the former Managing Director and CEO of the company.

AIMS of Bangladesh has recently been established by a group of Bangladeshi practicing professionals of different disciplines, a majority of whom are resident at North America.

AIMS, an asset management company specializing on mutual funds and investment products, is poised to launch customized investment vehicles including mutual funds, suiting different income groups of local and non-resident Bangladeshis.

Prior to joining AIMS, he was the Consultant on Capital Market Operations at Vanik Bangladesh Limited where he successfully initiated the first full service integrated Merchant Banking operation in Bangladesh.

'US trade deficit may be \$200b this year'

DAVOS, Switzerland, Feb 1: The US could have a trade deficit of some 200 billion dollars this year, US Commerce Secretary William Daley said here yesterday, reports AFP.

"The trade deficit is rising very quickly and substantially. Daley told the world economic forum annual gathering here.

The deficit "is causing US political concern" even if the United States remains committed to open markets, he said, predicting a deficit of around 200 billion dollars for this year.

Bid to boost imports
Myanmar company plans office in Dhaka

The visiting Myanmar trade delegation had a meeting yesterday with the high officials of Export Promotion Bureau (EPB) where the two sides discussed ways and means of increasing imports by Yangon from Bangladesh. EPB sources said, reports BSS.

A four-member private sector trade-delegation which arrived in city Sunday met AB Chowdhury, Vice Chairman EPB, and had useful talks with on promotion of business.

Jackson Yap, who leads the trade delegation of UE Myanmar, part of UE group based in Singapore, is here on a follow-up visit by UE Myanmar Co. made few months ago.

Sources said because of lack of foreign exchange, Myanmar is unable to open LCs (Letter of

Credit) and as such imports are generally done by these trade houses.

Bangladesh exports should follow suit till such times the requisite financial and banking arrangements are in place.

It is learnt that the company plans to set up their subsidiary in Bangladesh which will handle some of the export products from Bangladesh.

Yap, a Singapore national, is the Chief Operating Officer (COO) of the group which has an annual business turnover of about 500 million US dollar it is learnt.

During its stay here, the delegation is scheduled to call on state minister for jute and top government officials for promotion of business between Myanmar and Bangladesh. It is

also expected to see top officials of BCIC and BJC.

The main interest of the delegation's current visit is to develop trade and business relations between the two countries, diplomatic sources said.

It said EU Myanmar is a trading company that transacts 40 million US dollars per annum.

Bangladesh's export to Myanmar includes mostly jute goods, medicine, fertiliser and cosmetics.

Bangladesh has border trade — rice, pulse, betel nuts, salt, timber and some non-traditional items like fired fish.

Imports from Myanmar during 1996-97, was 18.07 million US dollar, while export from Bangladesh in the same year was 8.54 million US dollars.

Kuwait calls on oil exporters to comply with agreed cuts

KUWAIT CITY, Feb 1: Kuwait's oil minister said that the oil market is in a grave situation and called on oil exporting countries to fully comply with agreed cuts to remedy it, a local daily said today, reports AFP.

"The issue is a grave one. It needs coordination and cooperation on all sides, and especially from those countries with huge foreign debts who cannot repay them without oil revenues," Sheikh Saud Nasser Al-Sabah told Al-Watan.

"Some oil-exporting countries have taken a clear position against non-compliance of production cuts by deciding not to attend an OPEC meeting until it is confirmed that all members have fully complied with cuts."

"If there is going to be an OPEC meeting, it will not take

place unless its aim is further reduction," added Sheikh Saud, whose country has been hard hit by the collapse of oil prices.

The minister, who set up a committee of experts last month to examine the role of foreign companies in developing Kuwait's oil resources, was confident that prices would rebound if output and global stock levels were reduced.

"Oil prices will not remain as they are now, because demand will increase and prices will rise once output production and global stock levels are reduced," he said.

The danger from the decline in oil prices is real one, also for the United States, which has recently prompted the Senate to discuss the consequences for major oil companies."

Sheikh Saud said in December that the world's oil majors

would invest up to seven billion dollars to develop the fields over the next five years to double their output to over 900,000 barrels a day.

Kuwait oil company chairman Abdul Latif Hamad Al-Torah said last week that the Emirates hopes to see the world's oil majors begin development of its northern fields by the end of this year.

Kuwait plans to intensify cooperation with foreign oil companies to boost production capacity to three million barrels a day by 2005, but will restrict their participation to a contractual and financial relationship.

The Emirates supplies around 10 per cent of the world's oil and has 100-year reserves at current production levels. The oil industry represents 90 per cent of the Gulf Arab state's exports.

IMF defends its rescue plans for crisis-hit countries

DAVOS, Switzerland, Feb 1: A top International Monetary Fund official vigorously defended the organisation Sunday against criticism that it disregards the social impact of its rescue plans for crisis hit countries, says AP.

"This is arrant nonsense from people who have not read or looked at the programmes," the IMF's No 2 official, Stanley Fischer, told a gathering of business and political heavyweights. "It is time that it stopped."

In a report this January, the 182-nation organisation rejected charges that some of the austerity measures it required Thailand, South Korea and Indonesia to pursue were misguided and worsened the crisis.

However, it conceded some mistakes were made, including misjudging the severity of the recession that followed adoption of IMF recommendations in exchange for billion-dollar rescue packages.

Fischer said it is impossible to avoid shrinking economies in dealing with crises, but "it is equally an illusion to imagine that the people who design these programmes are unaware of their social consequences and do not care."

Citing turnarounds in South Korea and Thailand as evidence of the programmes success, he said each one takes into account the circumstances of the country involved.

"It is an outrage and an offence to be told things which are patently not true," Fischer said. "If I say that with some feeling it is because I have heard this now in this conference repeatedly by people who should know better."

This year's World Economic Forum gathering has seen widespread calls for some reform of the global economy, but little agreement on how that should be done.

Leaders including South Africa's Nelson Mandela and

Egypt's Hosni Mubarak have pointed to pitfalls in the free-market approach.

Mubarak said it must be rethought because it has dramatically failed poor people. "Our global village has caught fire," he said. "We have put out most of it, but there are still pockets that can threaten us all again."

Calling for business leaders to accept largely ignored United Nations labour and other rights conventions, UN Secretary-General Kofi Annan said the new global market has to win the confidence of people marginalised by globalisation.

Sharing a platform with Indonesian and Indian officials, Fischer stated that "nobody here wishes to withdraw from globalisation."

"That way isn't there," he added. "We have to build a better of the Conservative group in the European Union's parliament, based in Strasbourg, France."

Business Briefs

Nomura securities may sell stake

TOKYO: Nomura Securities Co. Japan's largest brokerage, said Monday it is considering selling its stake in the thriving Kokusai Securities Co. one of Nomura's group companies.

The company has yet to decide details such as when and how much to sell in Kokusai, a Nomura spokeswoman said. Nomura Securities and its group companies now own 34 per cent of Kokusai.

Local media, including the nationwide Asahi newspaper, said over the weekend that Nomura is talking with several major financial institutions about abandoning its stake in Kokusai.

The move is seen as part of Nomura's restructuring steps to help improve the parent company's financial position, which has suffered from massive trading losses overseas.

Truck, bus sales fall sharply in Japan

TOKYO: Japan's domestic sales of new cars, trucks and buses fell for the 22nd straight month in January, dropping 6.2 per cent from a year earlier to 241,511, producers said Monday.

The hardest hit sectors were trucks and buses. Truck sales tumbled 18.7 per cent to 61,993, while buses dropped 20.2 per cent to 638, the Japan Automobile Dealers Association said.

Sales of passenger cars dropped 0.9 per cent to 178,880. Of the country's top auto manufacturers, Mitsubishi Motors Corp suffered the most, with sales dropping 21.6 per cent to 19,508 vehicles. Of the leading producers, only Toyota's sales increased, by 0.2 per cent to 94,985.

Aussie joblessness may decline

SYDNEY: Treasurer Peter Costello predicts Australia's unemployment rate could be slashed to near four per cent, a newspaper reported Monday.

In an interview with the Sydney Morning Herald, Costello said reaching that level from the current figure of about 7.5 per cent would require reform of the welfare system and the labour market.

He said Australia could reach that level if it made a number of changes, such as making sure the welfare system did not discourage work and ensuring it and the tax system interact to remove disincentives to employment.

The paper also reported Costello saying it was too early for Australia to declare victory in surviving the 16-month-old Asian crisis.

Yield on T-bills dips in Philippines

MANILA: A bold effort by the Philippine Central Bank to get crisis-hit banks to start lending again, thereby helping to revive a sagging economy, got off to a good start Monday with a sharp drop in treasury bill yields at the government's weekly securities auction.

The yield on 91-day treasury bills, used by banks to price their lending rates, slid from 13.115 per cent to 12.856 per cent, their lowest level since the region's financial crisis began in July 1997.

In a bid to persuade banks to relax tight lending policies, the central bank cut its key overnight borrowing and lending rates on Monday by 0.375 percentage point to 12.50 per cent and 14.50 per cent, respectively.

—Source: AP



Rokia A Rahman, President of Bangladesh Employers' Federation (BEF), inaugurates a five-day training course on Management Training Programme (MTP) organised by the BEF in collaboration with Nikkeiren International Cooperation Centre (NICC), Japan, at BEF Conference Hall yesterday.

Weekly Currency Roundup

Asian units get supports from firm yuan

HONG KONG, Feb 1: Anxiety about a possible devaluation of the Chinese yuan were laid to rest early in the trading week, lending support to Asia-Pacific currencies, reports AFP.

But the yen lost ground as worries about the Brazilian economy receded with continued concerns about its banking sector debt adding to weakness. The Australian dollar weakened on a dip in commodity prices and the strengthening greenback.

Indonesia's rupiah, the Thai baht and the Taiwan dollar benefited from positive news about the yuan.

JAPANESE YEN: The yen fell against the dollar due to receding worries about the Brazilian economy and concern about the Japanese economy, dealers said.

The yen stood at 115.96-99 to the dollar late Friday, down from 113.68-71 to the dollar a week earlier.

The Japanese unit plunged

in to the 116 range on Thursday, carrying over its bearishness in New York to touch the year's low against the dollar.

Worries about the Brazilian economy and US President Bill Clinton's impeachment trial have receded, dealers said.

The yen also fell due to comments from senior officials at US ratings agency Moody's Investors Service, who warned Thursday about Japan's ballooning public debt, said Kaneo Ogino, head of foreign exchange at Midland Bank in Tokyo.

The yen sank to 116.45 to the dollar briefly on Friday but rebounded slightly in late trading due to selling by export companies.

AUSTRALIAN DOLLAR: The Aussie closed the week down as commodity prices and the strengthening of the US dollar conspired against it.

The currency closed Friday at 62.82 US cents from 63.76 cents the previous week after recovering some of the ground

lost.

But the Australian dollar remains caught on the bad side of a dip in commodity prices and continues to be victimized by the strength in the US dollar, economists said.

"The Australian dollar is likely to spend another week groping for direction with commodity prices and the resurgent US dollar the main influences," Colonial State Bank economist Craig James said.

HONG KONG DOLLAR: The Hong Kong unit closed Friday at 7.7485-7.749, compared with 7.7485-7.7495 the previous week.

SINGAPORE DOLLAR: The Singapore dollar ended the week lower against the US dollar to 1.6904 from 1.6795 the previous week.

TAIWAN DOLLAR: The Taiwan dollar was almost unchanged against the greenback over the week to settle at 32.298 Saturday as fears of the yuan's depreciation eased.

DHL expands weekend operations

DHL Airways, Inc., the US arm of the DHL Worldwide Express network, has expanded domestic operations to include a new Sunday operation at its main North American hub in Cincinnati, Ohio and its service centers throughout the US, says a press release.

The new operation, based at the Cincinnati/Northern Kentucky International Airport, will include three new inbound flights and five outbound flights to service inbound international shipments over the weekend. Unlike the DHL weekend operations, which take place from midnight until 6 am, the Sunday operation will occur between 8 am and noon. Material will then be transported from the hub to DHL service centers throughout the country to be sorted and prepared for Monday morning delivery.

"Additional part-time jobs will be created in Cincinnati that offer flexible schedules and competitive pay and benefits," said Larry Przybylski, director of the DHL hub operations. Combined with weekday operations, DHL will now have a total local workforce of approximately 1,200.

BA introduces E-ticket for Concorde flights

Travel by Concorde is not only fast in the air but also on the ground. Passengers are now being offered a check-in time of less than one minute, says UNB.

According to a report made available here, British Airways says it has introduced an electronic ticket system known as an E-ticket for its twice-daily Concorde flights between London and New York that will permit high-speed check-ins.

A spokesman explained: "Concorde passengers will now be able to check-in at supersonic speed with the introduction of the fastest ticket on earth. This latest electronic ticket will reduce check-in time to less than one minute. Added to a flying time of just three and a half hours, it makes reaching New York even faster."

Keiron Gavan, head of global distribution of British Airways, said: "For Concorde passengers, time is money. So, the introduction of E-ticket has real money-saving potential as well as allowing them more hours at home rather than the airport."

E-ticket works by enabling passengers with hold baggage or hand baggage to make a booking by telephone and then

travel to the airport to check-in at self-service machines using their credit card or Executive Club card. They can even select their favourite Concorde seat using the machine's touch-screen technology. They will then be issued with a boarding card. Concorde is a favourite means of transport across the Atlantic for captains of industry, entertainment stars and serious shoppers, said the London Press Service report.

It added that the faster-than-sound jetliner makes it possible for such people to make day trips and, in these cases, the new system allows them to check-in for their return flight.

British Airways has recently opened a new Concorde Room as part of its redevelopment worth 250 million US dollars at New York's JFK Airport.

Design guru Sir Terence Conran, regular Concorde passenger, was asked to create a 20th century design classic like Concorde for the new facility. He chose light, airy interiors, rich walnut panelling and marble floors contrasting with classic rugs and modern chairs selected from leading US and UK designers.