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The Daily Star BUSINESS

DHAKA, WEDNESDAY, FEBRUARY 3, 1999

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Third SAARC economic confce opens in city today

Prime Minister Sheikh Hasina will formally inaugurate the five-day third "SAARC Economic Cooperation" conference at hotel Sonargaon in the city today, says UNB.

Finance Minister Shah A M S Kibria and Commerce and Industries Minister Tofail Ahmed will be present as special guest, said a press release.

About 40 representatives from the SAARC member states, including President of SAARC Chambers of Commerce and Industries KK Fodder, are attending the conference.

Ministers, high government officials, FBCCI directors, chiefs of the member organisations of the FBCCI and leading industrialists and businessmen of the country will be present on the occasion.

Esides, three meetings of the experts of SAARC working committee will be held at FBCCI conference room today at 3 pm. Commerce and Industries Minister Tofail Ahmed will inaugurate the valedictory session of SAARC Chambers of Commerce and Industries at 11.30 am on Thursday at the FBCCI conference room.

Communications Minister Anwar Hossain Manju will be the chief guest at the council of SCCT construction industry, organised by SAARC chamber of Commerce and Industries at 2.30 pm on the same day.

Kibria stresses efficient audit & accounts system

Finance Minister Shah A M S Kibria yesterday stressed efficient audit and accounts system for ensuring accountability in financial management, says UNB.

"Success of the public sector largely depend on an apt financial management," he said while inaugurating a training course for the newly appointed officials of BCS Audit and Accounts Service in the city.

Organised by Financial Management Academy (FIMA), the function was also addressed by Finance Secretary Dr Akbar Ali Khan, Comptroller and Auditor General of Bangladesh M Hafiz Uddin Khan and FIMA Director General Ahmed Ataul Hakim.

Stressing on skilled financial management in government and autonomous organisations and in state-run industries, the Finance Minister called upon the cadre officials to make them capable of taking lead in those sectors.

Mentioning the importance of training in increasing professional skills, he also said the BCS officers of Audit and Accounts service should get training both at home and abroad to make them fit for facing the challenges of the 21st century.

The minister urged the officials to be acquainted with modern computer technology.

He said the government has attached special importance on enhancing skill on financial sector to check misuse of public exchequer and protect macro-economic management.

Pepsi's earnings fall 10 pc in 4th quarter

NEW YORK, Feb 2: PepsiCo Inc's earnings fell 10 per cent in the fourth quarter as operating profits tumbled in its worldwide soft drink business while its snack food operations managed a small increase, reports AP.

The company had signaled what its results would be last week so the figures released after the stock market closed Monday were in line with Wall Street expectations.

The Purchase, New York-based PepsiCo earned \$361 million, or 24 cents a share, in the three months ended December 26 compared with \$ 401 million, or 25 cents a share, a year earlier.

Revenue for the quarter rose 15 per cent to \$ 7.19 billion from \$ 6.26 billion a year earlier.

Worldwide soft drink operating profits sank 33 per cent due to a difficult pricing environment around the world, higher advertising and marketing expenses and a loss in Russia.

Profits in North America fell 27 per cent despite a 10 per cent increase in case sales and a 5 per cent rise in revenue.

Chairman and chief executive Roger Enrico said "we regained volume momentum in Pepsi-Cola" led by its new Pepsi One sugarsweet brand and growth in Mountain Dew and its Aquafina bottled water.

But the international soft drink business' operating loss widened to \$ 279 million for the quarter from \$ 19 million a year earlier. Sales revenue sank 12 per cent due to the absence of a Japanese bottler sold in late 1997.

At the Frito-Lay snack food division, worldwide profits edged up 1 per cent as North American profits rose 3 per cent while international profits dropped 6 per cent.

The Tropicana division acquired last year earned \$ 40 million on sales of \$ 722 million for the period.

Bid to materialise free trade

SAARC Chamber seeks tariff cuts from this year

By Rafiq Hasan

The SAARC Chamber of Commerce and Industry (SCCI) has prepared a set of recommendations for tariff reductions by the member countries from this year to kick off free trade in the region.

Before the launching of the South Asian Free Trade Area (SAFTA), the SAARC countries should start reducing tariff rates, SCCI executive members observed yesterday at a meeting in the city yesterday.

The reduction should start from this year and continue till the launching of SAFTA in 2002. SCCI executive members felt.

The mutually agreed points of the meeting may be submitted before the on-going SAARC

commerce ministers' conference in the city, meeting sources said.

The SCCI members yesterday agreed that primary goods like agricultural products, which have not gone through any stage of processing, should be traded without any tariff within the region.

On the other hand, tariffs on intermediate and semi-finished goods should be slashed by 17.5 percentage points every year from the existing rates.

The tariffs on finished goods should be reduced at the rate of 20 percentage points every year, the SCCI agreed. The least developed partners of the SAARC

should get five to ten per cent more tariff advantage over the better-placed members, the meeting resolved.

The tariff reduction should start from this year so that the countries do not face any difficulties when SAFTA will finally be launched, the meeting observed.

Kantikumar R Podar, President of the SCCI, presided over the meeting while representatives and business delegates from India, Nepal and Bangladesh were present.

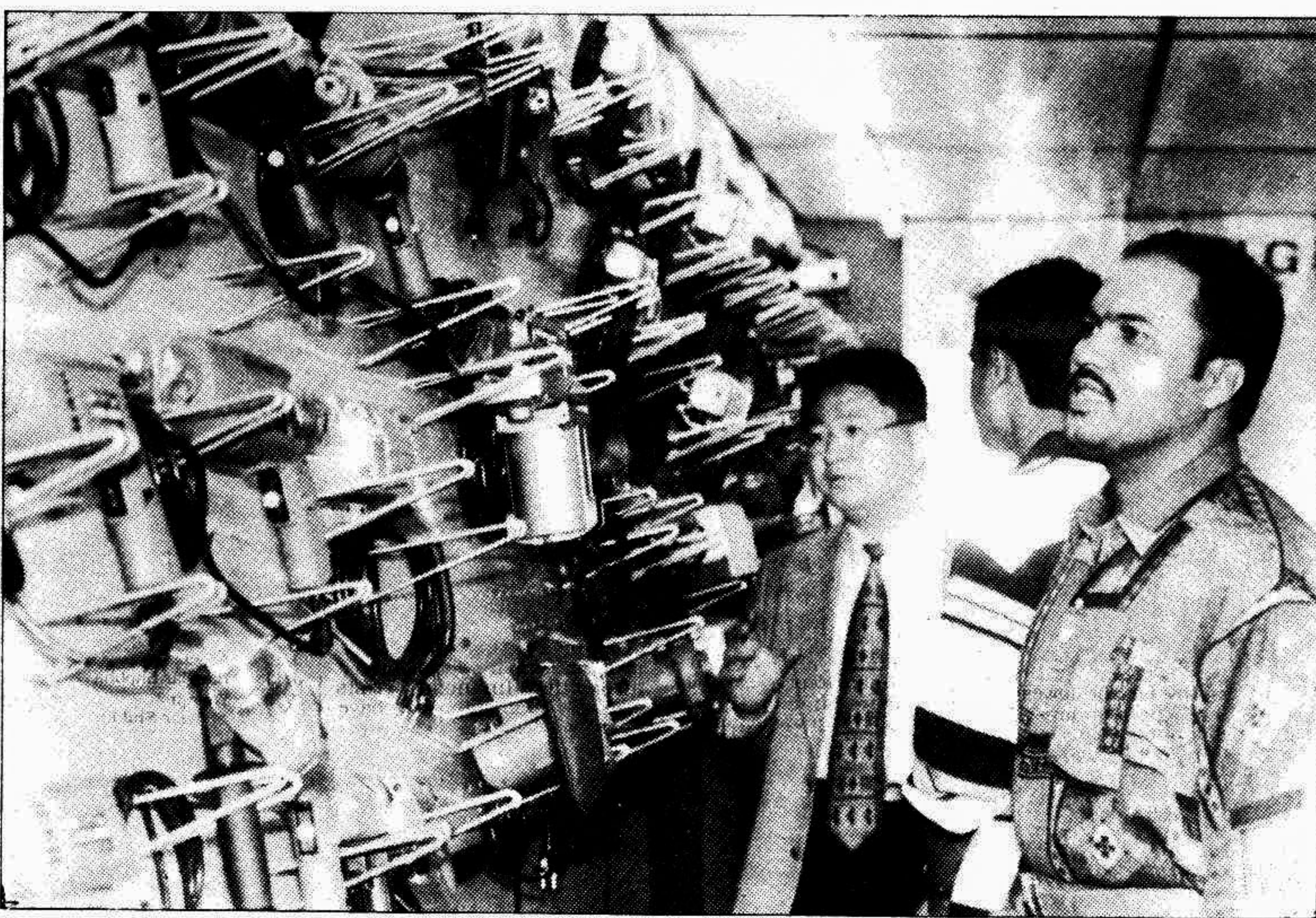
The agreed issues will be communicated to the representatives of other member countries who were not present at yesterday's meeting. After their

approval, the recommendations will be finalised and submitted to the governments of all member countries.

The meeting observed that there should not be any non-tariff restriction on items except arms, ammunitions and narcotics among the member countries originating from the SAARC region.

The meeting, however, observed that a country may impose tariff on a particular item to provide protection to its industries.

The SCCI agreed issues will also come up at the third SAARC economic co-operation conference beginning today at Sonargaon Hotel, sources said.



Visitors at an electric machinery stall at the Dhaka International Trade Fair which began in the city yesterday.

— Star photo

ICC launches project to help Bangladesh lure FDI

The International Chamber of Commerce (ICC) in association with UNCTAD has launched a project to help six of the world's poor countries become more attractive to foreign direct investors, reports UNB.

The project on investment guides and capacity-building was launched for Bangladesh, Ethiopia, Madagascar, Mali, Mozambique and Uganda, said an ICC press release.

UN secretary general Kofi Annan, has described the initiative as "that illustrates the benefits of partnership between the UN and business."

ICC secretary general Maria Livanos Cattani said, "The guides will be an indispensable knowledge tool for six countries that will enable them to increase foreign direct investment."

The project has two aims: to provide information on investment opportunities and conditions in the form of guides and to build capacity among relevant government agencies

to deal with investment issues. It will focus on the six countries investment climate and their potential for more foreign direct investment.

An important part of the process will be the identification of past practices and optimal conditions to create a

favourable climate for FDI.

Investment promotion agencies of the six LDCs are invited to update the guides continuously and to carry the public-private sector dialogue forward. Work on the project will complement and build upon other related work.

Major international companies participating in the project are: Agip, Akzo, AngloGold, BNP, BAT, Bata, Bayer, BP, Cargill, Coca-Cola, Daimler Chrysler, Ernst and Young, Eskom, Hilton, Hotels International, Marubeni, Moving Water Industries, Myungsung International development, Nestle, Novartis, Rio Tinto, Shell, Sheraton Hotel International, Siemens, SGS, South African Breweries, Standard Chartered Bank, Unilever and Vodafone.

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ANZ opens ATM service in Ctg

The first ATM (Automated Teller Machine) of ANZ Grindlays Bank in Chittagong was formally inaugurated yesterday at the bank's Nasirabad Sales and Service Centre, Chittagong by Sakhawat Hossain, Divisional Commissioner of Chittagong.

Muhammad A. (Rume) Ali, General Manager, Neil Merrick, Deputy General Manager and Head of Personal Banking and Anis A. Khan, Senior Manager Corporate Banking of ANZ Grindlays Bank also spoke on the occasion, says a press release.

Chief Guest Sakhawat Hossain said that ATM was a marvel of modern technology and complimented ANZ Grindlays Bank for taking the innovative step, which would contribute immensely to the modernisation of the banking sector in Bangladesh.

Speaking on the occasion, Muhammad A. Ali stated that this was the most modern ATM in the world. He said that this would enable a customer to decide when he wanted to withdraw cash 24 hours a day.

Tofail at third commerce ministers' meet Barriers slash exports to SAARC heavyweights

Star Business Report

Commerce Minister Tofail Ahmed yesterday said that while the SAARC members were enjoying the full benefit of a liberalised trade regime in Bangladesh, the country was facing hurdles in exporting its products to the region because of trade barriers.

"Bangladesh procures 18 per cent of its imports from the SAARC nations, while it can market only 1.7 per cent of its export items within the region due to restrictive trade regimes of major SAARC countries," the commerce minister said at the inauguration of the third meeting of the SAARC commerce ministers at Sonargaon hotel here yesterday.

The meeting was formally inaugurated by Prime Minister Sheikh Hasina. Commerce ministers of Bhutan, Nepal, Pakistan, the Maldives and Sri Lanka were present at the inaugural ceremony.

The participation of Indian commerce minister in the meeting has become uncertain due to compulsions at home and lack of connecting flights to Dhaka yesterday, Tofail said.

He also called for more equitable distribution of intra-regional trade benefits to strengthen the process of SAARC regional cooperation.

The SAARC trading partners of Bangladesh have been deriving the maximum benefits out of the country's most liberal trade regime, he said.

"While India has been the origin of about four-fifths of total intra-regional exports, Bangladesh has been the destination of around half of all intra-regional imports," he pointed out.

Tofail also called for further liberalisation of trades among the SAARC members for a meaningful economic regional cooperation.

BSS adds: Tofail urged the SAARC nations to work out a common strategy to face the issues to come up as non-tariff barriers like labour standards and environmental standards for the exports of LDCs in the forthcoming third ministerial conference of the World Trade Organisation (WTO).

He said that although a number of regional groupings had shown tremendous progress in the growth of regional economic cooperations, the success achieved by SAARC to-date has been much less striking. "While India has been the origin of about four-fifths of total intra-regional exports, Bangladesh has been the destination of around half of all intra-regional imports," he said.

Tofail said the process of regional cooperation in South Asia can be greatly strengthened if unconditional preferential trade measures to the benefits of LDCs are adopted by their affluent counterparts.

Allowing duty free access for LDC exports to the non-LDC members will go a long way in promoting growth and alleviating poverty in the region, he said.

The commerce minister said the rules of origin criteria under SAFTA should be made less stringent to facilitate exports from LDC members. He said these issues have been raised in earlier SAARC ministerial meetings in Islamabad and New Delhi.

Now is the time for speedy implementation of previous agreements for more meaningful and effective cooperation, he said.

SAARC Secretary General Nihal Rodrigo called for a collective response of the SAARC nations to cope with the global economic developments taking place outside the region. He urged the SAARC nations to devise a united stand to face the environmental issues in the region.

Fish export poised to cross target

The country has exported frozen shrimps worth about Tk 900 crore during the last six months of the current fiscal year overcoming some serious hurdles and is poised to cross the annual target, says UNB.

This year's shrimp-export target is Tk 1750 crore, and if the present trend continues, the export turnover would exceed Tk 2000 crore by June, a review meeting was told yesterday.

Officials said the meeting between Fisheries and Livestock Minister A S M Abdur Rob and delegation of the Frozen Shrimp Exporters Association took stock of the export situation.

It was informed in the meeting that following prompt and proper steps by the government, a ban on the frozen shrimp export to the EU countries was lifted and the quantity of exports increased as well.

Seventeen firms are exporting frozen shrimps to the European countries and soon ten more exporters will be allowed to export the item to those countries.

Talking to the delegation the Minister urged them to ensure the quality of all frozen fishes, including shrimp, keeping the international market standards in mind.

Among others, members, President and General Secretary of the Association, high officials of the Ministry and Fisheries Department were present in the meeting.

Tk 390 cr BR rehabilitation project underway

RAJSHAHI, Feb 2: A Tk 390 crore rehabilitation project, aiming to bring down train mishaps, is underway in Western Zone of Bangladesh Railway, reports UNB.

Railway sources said work on a 41-km railway track on Rajshahi-Abdulpur route, a 157-km track on Khulna-Ishwardi, an 82-km track on Santahar-Bonarpura, a 15-km railroad on Lalmonirhat-Kaonia, an 87-km track on Poradah-Gaolunda and a 15-km track on Farbatipur-Syedpur routes were progressing fast.

The works include setting up of new wood sleepers replacing the old ones, replacing all track fittings with new ones, spreading pebbles and earth refilling.

The decision to undertake the scheme has been taken in view of the damages caused by the last year's prolonged flood.



Sakhawat Hossain, Divisional Commissioner of Chittagong, opens ATM service at Nasirabad sales centre of ANZ Grindlays Bank in the port city yesterday. Mohammad A Ali, GM, and Neil Merrick, DGM and Head of Personal Banking, were also present on the occasion.

— ANZ photo

UK economy avoids recession

Key figures on the UK economy have confounded some of the gloom merchants who predicted it was heading for a recession.

The keenly-awaited fourth quarter gross domestic product figures - the sum of all the economic activity in the country - show the economy grew by 0.2 per cent in the final three months of 1998.

This has been warmly welcomed by the government as it shows the UK economy has performed better than many expected.

Despite manufacturing taking a battering, the service sector provided a much-needed boost by growing some 0.6 per cent. Overall, the economy has shown 1.6 per cent on the same period a year ago.

Sigh of relief
Some City analysts had been predicting a fall in total output in the last quarter of the year for the first time since 1992.

A Downing Street spokesman said: "GDP is in line with forecasts of an annual

growth rate of 2.5 per cent. Contrary to what people have been saying, the economy is growing.

"The measures that the government have taken means that we are better placed to steer a course of stability in an unstable world."

An economist with the Royal Bank of Scotland, Neil Parker, said the figures showed that fears of a recession had been exaggerated.

"The doom and gloom merchants seem to be overemphasising the problems in the UK economy and there are still sectors that are doing quite well," he said.

"Even if we see a technical recession, we don't expect it to last too long."

With output expected to be even weaker in the current quarter, a fall could have indicated that the economy was already in "technical recession", defined as two successive quarters of negative growth.

Analyst Michael Taylor, of Lombard Street Research, said: "This is good news. This con-

firms we are not heading into recession in the UK."

"These quarterly figures may well be the weakest in this cycle. There are reasons to expect growth to pick up later on this year as the effects of the relaxation in monetary policy come through."

While manufacturing suffers, some sectors continue to expand with fairly strong growth in communications and computer and business services. A negative figure, coming on top of the recent weak showing in retail sales, would almost certainly have led the Bank of England to cut interest rates further.

It has already cut rates four times in as many months, to the current level of 6 per cent.

Soft landing
"It looks like so far a soft landing for the UK economy," said John O'Sullivan, economist with Greenwich NatWest.

"So far, so good. We have had a slowdown, but it has not been traumatic and the economy is still growing."

He said the Bank might delay before cutting interest rates again.

Chief economic adviser to the Confederation of British Industry, Kate Barker, said she was not surprised the economy had continued to grow owing to the strength of the service sector.

However she stressed that further cuts in interest rates were still needed to prevent the downturn becoming "unnecessarily deep and prolonged."

Shadow Chancellor Francis Maude said the figures showed government policies were damaging the economy.

"These are the weakest growth figures for over six years. They are the clearest sign yet of the damaging impact of the government's £40bn of extra taxes and regulation on business over this Parliament," he said.

The latest quarterly survey from the British Chambers of Commerce said the UK was on a knife-edge with the decline in the service sector accelerating.

— BBC Internet

US seeks Germany's leading role in trade talks with EU

BONN, Feb 2: US trade representative Charlene Barshefsky on Monday urged Germany to take a leading role in trade negotiations between the European Union and the United States this year, says AFP.

Germany is very well positioned "to lead" the EU in this year's talks, Barshefsky said during a visit to Bonn.

"First because Germany is Germany" with "the third biggest world economy," she said, second, "Germany has the presidency of the EU" for the first half of the year.

Germany also plays an "indispensable role in Europe and in the world," she added.

She said the US considers 1999 "a very critical year," referring to the risk of a spread of the financial crisis that have erupted in Asia, Russia and South America in the past year.

Barshefsky said the US would continue to fight protectionism, both domestically and

abroad, recalling the effects of the 1929 financial crisis on world trade, she said the world must not backtrack in this area.

The EU has bitterly denounced a US decision to revive controversial trade legislation as an unacceptable concession to domestic protectionist pressure.

Indian trade deficit widens to \$7.2b

NEW DELHI, Feb 2: India's trade deficit widened to 7.2 billion US dollars in the first nine months of the financial year ending March 31, due to dwindling exports, officials said yesterday, reports AFP.

The trade gap during the first nine months of the previous fiscal year was 3.3 billion dollars.

Barshefsky announced last week that President Bill Clinton had lapsed in 1997.

The legislation expands the scope of US legislation authorising punitive sanctions on countries Washington considers to be engaged in unfair trading practices.

Most controversially for Washington's trading partners, it provides for the publication of an annual list of trading partners who are judged to be acting unfairly and makes investigation of them mandatory.

The United States is currently engaged in bitter rows with the EU over bananas and beef produced with hormones.

While in Bonn, Barshefsky is expected to meet with German Foreign Minister Joschka Fischer, Economy Minister Werner Mueller and Minister at the chancery Bodo Hombach.

Her talks are expected to focus on the World Trade Organisation (WTO).