

Tk 5.5cr mineral sand plant opens at Cox's Bazar tomorrow

COX'S BAZAR, Feb 9: All preparations are complete for formal inauguration of the Tk 5.5 crore newly set up modern mineral sand exploration plant at Cox's Bazar, reports APB.

President Justice Shahabuddin Ahmed is expected to inaugurate the plant on Thursday. Dr Wazed Mian, a renowned nuclear scientist and Chairman of Bangladesh Atomic Energy Commission, said at a press conference here yesterday.

The plant, set up at Kalatali, is commercially separating five kinds of very valuable minerals from sand, he said.

The minerals include magnetite, garnet and zircon, used in match factory, rayon factory, nuclear reactor, paper and rubber industry.

The plant has been set up with the technical assistance of Australia.

Bangladesh earns around Tk 50 lakh every year by exporting minerals collected from the Cox's Bazar beach, Dr Wazed said.

Global economy fragile, warns John Major

CLEVELAND, Feb 9: The global economy is in fairly fragile condition and could be dragged down badly by another major crisis, former British Prime Minister John Major said Monday, reports AP.

"One further, big, economic shock and we could go back to the tumbling stock exchanges that so worried people a few months ago," Major said during a speech to about 200 people at a theater in Cleveland.

Major, who led a Conservative government from 1990 until his party was defeated two years ago by Tony Blair's Labour Party, gave his take on world economic affairs.

The former prime minister speculated that another large downturn in the already troubled economies of Russia, Brazil or Japan could have had consequences for markets throughout the world.

He also touched on political events, praising the United States for its stance against Saddam Hussein in Iraq. Major also warned that the conflict in the Yugoslav province of Kosovo, where ethnic Albanians are demanding independence, could spread throughout the Balkan region.

Thailand in deal with farmers on debt relief

BANGKOK, Feb 9: Thailand's government on Tuesday reached a compromise with hard-up farmers who have rallied in central Bangkok for five days demanding measures to help them with their debts, reports AFP.

The cabinet agreed to carry out a census of farmers who are unable to repay debts and agreed that they can delay payments of capital and interest for one year, government spokesman Akapol Sorasuchart told reporters.

The decision was quickly welcomed by farmers' leaders who pledged to disperse the protest in a few days when the decision takes effect.

"I feel satisfied to some extent, let's say 80 percent as our demands have been responded to which I consider a good thing," farmers' leader Asoke Prasansorn told reporters.

An estimated 4,000 Thai farmers from northeastern provinces have been demonstrating near the Grand Palace in central Bangkok since last Thursday to demand a five-year moratorium on debt repayments.

Farmers have seen revenues hit by falling demand, the regional economic crisis, drought and mismanagement.

The cabinet also agreed to set up committees to work out debt restructuring for farmers.

Millions of poor Thai farmers have incurred total debts of 403.3 billion baht (11 billion dollars) of which 372.1 billion baht or 92 percent has with local financial institutions.

Vietnamese coal industry predicts 1999 slump

HANOI, Feb 9: State-owned Vietnam Coal Corp (Vinacool) on Tuesday predicted a five percent drop in production in 1999 due to a slump in both domestic and export demand, reports AFP.

A spokesman for Vinacool said it expected to produce about 11 million tonnes this year compared with 11.6 million tonnes in 1998.

He said the company was capable of producing between 13 and 14 million tonnes this year, but that production would depend on demand, which looked likely to remain soft.

He said last year coal exports fell to 2.91 million tonnes compared with 3.6 million tonnes in 1997. In January of this year, they dropped 33.9 percent year-on-year to just 300,000 tonnes, according to government statistics.

Domestic demand has not increased in line with expectations because the growth of the power industry and cement industries, the chief consumers of coal, has been slower than expected.

Vietnam is the world's largest producer of high quality anthracite coal.

US predicts oil price at \$15 by year end

RIYADH, Feb 9: US Energy Secretary Bill Richardson has predicted US crude oil prices at 15 dollars a barrel by the end of the year and "maybe" 20 dollars by 2000, a Saudi daily said Tuesday, reports AFP.

"Crude oil prices go through cyclical phases, we expect a price of 15 dollars by the end of the year" for West Texas Intermediate (WTI), Richardson said, quoted by the Al-Iqtissadiya newspaper.

"The tendency to go up will be slow, it might reach 20 dollars by 2000 or after," he said. WTI currently sells for around 12 dollars a barrel, while benchmark Brent is hovering around the 10.50 dollar mark.

His comments came during a two-day visit to the oil-rich kingdom, in a new drive to boost US investments in Saudi Arabia's oil and gas sectors.

But Saudi Oil Minister Ali

ibn Ibrahim al-Nuaimi on Saturday ruled out foreign investment in oil prospecting or production, although he said the kingdom was interested in downstream investments.

Richardson, making the first visit of a US energy chief to Saudi Arabia since 1990, called on US firms to make investment proposals.

US oil firms Chevron, Conoco, Arco and Texaco have all submitted proposals to Saudi authorities, along with the Anglo-Dutch giant Shell.

Almost 20 years after nationalizing its oil industry, Saudi Arabia has invited oil firms to invest once again in a bid to compensate for funds it lacks itself.

Saudi Arabia is the world's largest oil producer with daily production of eight million barrels per day and proven re-

serves of 261 billion barrels.

Crude prices fall

London: Brent, the reference North Sea crude oil, traded lower early Tuesday in London after the International Energy Agency cut its predictions for worldwide demand for oil.

Brent for March delivery fell to 10.17 dollars from 10.47 dollars at Monday's close.

The IEA on Tuesday revised down by 0.3 million barrels a day its forecast for world oil demand in 1999 and said OPEC compliance with its output ceiling fell sharply in January.

Global oil demand is now forecast to be an average of 74.7 million barrels a day for 1999, down from 75.0 million barrels a day forecast in January when the IEA cut its forecast by 0.6 million barrels a day, the IEA said in its monthly oil report.

Crisis-hit ROK banks suffer record losses

SEOUL, Feb 9: Crisis-hit South Korean banks registered a record net loss of 14.48 trillion won (12.32 billion dollars) last year amid mounting bad-debt provisions, financial watchdogs said Tuesday, reports AFP.

The 1998 loss represented a whopping 370 percent increase from the previous year's loss of 3.88 trillion won, the Financial Supervisory Commission (FSC) said.

"It was a record net loss," an FSC official said, adding only three of the country's 22 institutions -- Hana, KorAm and Shinhan banks -- ran up profits last year.

The rise reflected stricter prudential regulations on provisions for bad loans amid high corporate failures and more reserves for retirement pay, it said.

In 1998, the 22 institutions set aside 11.73 trillion won in provisions for bad loans losses and reserves for retirement pay.

The government has earmarked some 64 trillion won for the purchase of bad loans, recapitalization and deposit insurance. Officials estimate that bad loans kept by all domestic institutions exceed 100 trillion

won.

Hana was the best performing institution last year with its 1998 net profit jumping to 110.8 billion won from 43.5 billion won a year ago.

Hana boasted that lower provisions for bad loans, wider interest-rate margins and increased commissions boosted income.

KorAm Bank registered a record net profit of 53.4 billion won in 1998, compared with a loss of 37.1 billion won a year earlier. It said its low non-performing loan ratio of 2.99 percent helped underpin earnings.

"This year, we expect a net profit of 200 billion won on stable interest income, services charges, and bond trading commissions," he said, adding foreign-currency trading and exchange fees boosted KorAm's income last year.

Kookmin also made a net profit of 73.4 billion won, but its year-end account turned into the black after acquiring a long-term credit bank.

Net losses at five major banks -- Seoulbank, Cho Hung, Hanvit, Korea First, and Korea Exchange banks -- accounted for 76 percent of the total.

Hanvit, which was reborn through the fusion of Commer-

cial Bank and Hanil Bank last year, was the biggest loser with its 1998 net loss spiralling to 3.36 trillion won, from 445 billion won a year earlier.

Financial watchdogs last year dissolved five non-viable institutions, including Chungcheong and Kyongki banks. Hana took over Chungcheong while KorAm acquired Kyongki Bank.

Korea First, which was sold to a US-led consortium in December, suffered a net loss of 2.6 trillion won last year, up sharply from a loss of 1.6 trillion won in 1997.

The net loss of Seoulbank, which has yet to find a foreign owner, also jumped 2.24 trillion won last year from the previous year's 916 billion won.

The sale of Korea First and Seoulbank has been a key condition of a 57-billion-dollar bailout extended by the International Monetary Fund (IMF) in late 1997.

The bailout prompted a sweeping reform drive to clean the mess at ailing South Korean banks, which have been strangled by high loans-to-deposit ratios, low returns on equity and a high proportion of shares in their portfolios.

China fiscal policy targets top economic woes

BEIJING, Feb 9: Beijing on Tuesday offered a sneak preview of an ambitious fiscal policy for 1999 aimed at knocking out China's top economic and social problems with a single blow, reports AFP.

The official China Securities daily detailed a proposal by the State Development Research Centre that would address the chief worry of social unrest -- the jobless and unpaid pensioners -- and boost slack domestic consumption.

Under the plan, the state would issue "an appropriate amount" of long-term special bonds to commercial banks and selected financial institutions this year, the report said.

The cash raised would go to retirement pensions, welfare support for a growing army of laid-off workers and re-employment training programmes.

Spontaneous demonstrations have been on the rise across China, as government-mandated restructuring of the country's state sector puts tens of millions out of work and cash-strapped state-owned enterprises (SOEs) fail to pay retirees needed stipends.

"In a situation where pressures on employment and social security remain high, these funds can help laid-off workers and retirees directly feel the party and government's concern for their difficulties," the report said, adding, "This is favourable to social stability."

But the proposal will simultaneously address Beijing's top economic imperative this year -- boosting domestic demand to offset accelerating export declines caused by the Asian economic crisis.

This low-income group of people's willingness to spend

income is relatively high, so this bond issue has the effect of increasing consumption," government think-tank said.

In an unprecedented twist, the report said the national government would repay the debt specifically with proceeds from sales of small SOEs and sales of share rights in larger state firms.

To promote competitiveness, the government launched a de facto policy of privatising smaller loss-making SOEs while keeping larger ones in state hands last year.

Increasingly concerned about state asset sell-offs that enrich only corrupt local officials, however, it has been cautious about giving such sales a clear green light.

A territorial principle would be applied so that proceeds from SOE sales in a given city would finance welfare programmes in

the same area, it said.

The plan also revealed that Beijing aims to boost incentives for banks to extend more loans to private enterprises.

It would further raise the upper floating interest-rate range for loans to private enterprises.

After decades of holding back the private sector, the ruling communist party has in recent months green-lighted preferential policies in hopes the sector will help boost economic growth and create jobs.

Because the proposed special bonds would have long repayment terms, they "will not create any debt re-payment pressure in the short term."

In an effort to spur domestic demand and slowing economic growth, Beijing last year issued 100 billion yuan (12 billion dollars) in extra-budgetary treasury bonds to fund construction of basic infrastructure.



BEIJING: A Chinese saleswoman displays her Western-looking dolls recently at a Beijing street market. Street markets are usually big draws for both local and visiting Westerners because of their vast selection of inexpensive imitation, stolen and factory reject designer labels, pirated software and black market money changers — AFP photo



Md Abu Taher Chowdhury, Chairman of Central Insurance Company, addresses as chief guest the concluding session of a two-day annual Managers' Conference '99 of the company at a city hotel recently.

US cos plan to cut nearly 80,000 jobs

WASHINGTON, Feb 9: Despite a red-hot domestic economy, US companies announced plans to cut nearly 80,000 jobs last month in response to turmoil in Asia and Latin America, a private research group said yesterday, reports AFP.

The outplacement firm Challenger, Gray and Christman said it had traced 79,667 job elimination announcements in January, a 10 per cent increase over January 1997 but 23 per cent below December's total.

Since September, US companies have announced 399,068 job cuts, according to the study.

"This is by far the heaviest stretch of job cutting we have recorded since we began tracking job-cut announcements in

1989," said Challenger, Gray and Christman chief executive John Challenger.

"Inexplicably, the cuts come at a time when economic growth appears to be virtually unstoppable," he said.

"It is apparent that the economic crises in Asia and Latin America, while having very little impact on the overall economy, have affected exports and pricing power to the point that companies are compelled to make significant payroll cuts to remain competitive."

The hardest hit sectors in the study were in the retail sector, where 25,738 job cuts were announced, followed by financial services, 13,220, and commodities, 6,829.

PCs for free

WASHINGTON, Feb 9: A California-based company said Monday it will distribute 10,000 free personal computers to consumers who agree to divulge personal data and receive advertising messages on their monitors, reports AFP.

Free-PC, Inc., will deliver Compaq PCs with free e-mail and Internet access over the next few months to consumers who plan to use the computer for at least 10 hours a month.

"Set-top cable boxes have been free for a long time, and now cell phones are virtually free. For the first time, Free-PC is making the personal computer free," said entrepreneur Bill Gross, owner of Free-PC.

In exchange for providing information about themselves, qualified applicants will be able to keep the free PC for two years.

The fees paid by advertisers to reach consumers will subsidize the costs of the computers, estimated at less than 1,000 dollars each, Gross explained.

Consumers can apply for a free computer online at www.free-pc.com.

When applying, they are asked to provide demographic and personal information which is then used to target advertising messages to their personal tastes and interests.

"For advertisers, Free-PC represents the first real opportunity to reach a mass audience via the computer," said Don LaVigne, chief executive officer of Free-PC, Inc.

Because the ads are stored on the computer's hard disk before shipment, rich media and interactive features can be displayed instantly without the delay associated with downloading ads from the Internet.

USA Networks, Inc. has agreed to invest 10 million dollars in Free-PC and will figure prominently as one of its advertisers.

Mitsubishi Chemical to stop six plants

TOKYO, Feb 9: Japan's top chemical firm Mitsubishi Chemical Corp. announced Tuesday it will close six factories here and get rid of 2,000 jobs to cut costs and prepare for a holding company structure, reports AFP.

Mitsubishi said in a statement it would suspend production at three chemical plants, two coke plants and one computer hard disk plant from as early as next month.

The company said the decision followed falling demand in the face of Japan's worst recession since World War II.

"Because ethylene has been in oversupply, we decided to close an old and uncompetitive ethylene plant" in Yokkaichi,

western Japan, a Mitsubishi Chemical official told AFP.

Mitsubishi will close the ethylene plant and consolidate the operation at two other plants, it said. Ethylene is a key petrochemical product used in plastics and other downstream industries.

The drastic reorganisation will also reduce the firm's output of styrene, synthetic resins and fertilisers, it said.

Analysts welcomed Mitsubishi's reform plan.

"The main focus of the restructuring efforts is closing the ethylene plant in Yokkaichi," said Nobuyuki Tsuzuki, a fund manager at Sanwa Asset Management Co. Ltd.

"The reasons why the com-

pany could not close such an uncompetitive plant for so long was that the company felt responsible for its ethylene buyers and workers at the plant."

Other restructuring measures include cuts in staff, salary and investment, it said.

The overall workforce of 11,000 would be reduced by 2,000 over three years through early retirement and reducing positions for new college graduates, the company said.

Capital investment would be slashed from 44 billion yen (384 million dollars) projected for the current financial year to March to 35 billion yen in the following fiscal year.

Research and development spending will also be cut, the

firm said.

Mitsubishi would reduce salaries for directors and managers from April and sell some of the firm's idle properties, it said.

All the reform measures are expected to reduce Mitsubishi's operational costs by 40 billion yen annually, some 10 percent of the company's group pre-tax profit in the year to last March.

The company plans to establish a holding company as soon as the government revises the tax system to support such a corporate structure.

In a run-up to the new structure Mitsubishi will add 100 companies to its 113-firm group by March, it said.

Ford to help Volvo grow

STOCKHOLM, Feb 9: Ford, by acquiring Volvo Cars, will help the Swedish company to grow, and thereby secure Swedish jobs, Ford chiefs Jacques Nasser and Bill Ford told the Swedish news agency TT on Tuesday, reports AFP.

TT interviewed Ford's chief executive Nasser and chairman William Clay Ford Jr in the Ford headquarters in Dearborn, outside Detroit, Michigan.

"We will do all that we can to make Volvo grow, and if we are successful, it will mean good work forecasts for Volvo's employees," Nasser said.

Volvo, by gaining access to Ford's global distribution network, was placed to increase its sales volumes, even if there were no other significant changes in the early days of the takeover.

"Another way to develop Volvo is for the Volvo employees to start thinking about how Ford could help developing their company," Nasser said.

A condition for Ford's great plans for Volvo, which is small by comparison with the US group, is that the deal be completed, Nasser declined to comment on information that Fiat of Italy had also made a bid for Volvo.

Ford is not planning to break off Volvo's collaboration with Mitsubishi of Japan. Volvo and Mitsubishi jointly own a plant in the Netherlands.

"Right now there is no reason to do anything differently, but we need to sit down with Volvo and Mitsubishi and discuss things. If things work out, we will continue," Nasser said.

After the Ford deal was an-

nounced, Volvo's Swedish suppliers expressed some concern about the future.

Nasser said he expected that those who were competitive would welcome the opportunity to supply parts to a group that produces seven million cars a year, and that those who were not competitive would not have had much of a future anyway.

When asked about market speculation on what would happen to the Volvo brand-name, Nasser said that Ford retailers would not be happy about Volvo logotypes on Ford pickup trucks and vans, which are very popular on the US market.

Bill Ford brought the family name back into the Ford boardroom when he was appointed recently.

New Russian TU-334 makes maiden flight

MOSCOW, Feb 9: Russia's newest medium-sized airliner, the Tupolev TU-334, successfully carried out its first test flight yesterday, flying for half an hour at Zhukovsky, near Moscow, the Interfax agency said, reports AFP.

Igor Kalugin, the project's chief engineer, said the successful flight was "a great event," the agency reported.

The plane, which seats just over 100 passengers, has a range of around 3,000 kilometres (1,800 miles) and carries a price tag of between 18 and 19 million dollars, Interfax said.

The TU-334 was financed by the Russian government, Tupolev and two private Ukrainian aeronautical firms, Viant of Kiev and Motor Sich, which is based in Zaporozhye.

Rising markets stable despite Brazil crisis

NEW YORK, Feb 9: The emerging markets, with Mexico in the forefront, are stabilizing in spite of the upheaval caused by Brazil's currency crisis, investment house Morgan Stanley Dean Witter said Monday, reports AFP.

The stability of the Mexican peso "presents an open door for Mexican interest rates to decline," said the investment house's expert for Latin America, Ian Leming.

"The three weeks since Brazilian devaluation have provided a good test for this market, and its currency," which many considered "weak and an ideal target for specula-

tion," Leming said.

But he admitted that the new problems in Brazil could make the markets more nervous or provoke a fall on Wall Street.

Morgan Stanley's emerging markets expert, Robert Pelosky, said that while Brazil's problems were not over yet, the recent nomination of Arminio Fraga as Central Bank president and last week's agreement with the International Monetary Fund had helped calm the markets.

"Brazil is not yet out of the woods but it does seem to have stabilized a bit with (Fraga's) appointment," Pelosky said.

US firms in wireless Internet alliance

NEW ORLEANS, Louisiana, Feb 9: Four US high-tech firms on Monday announced an alliance to develop a wireless package that would provide voice, data and messaging services on the Internet, reports AFP.

The tie-up links Nextel Communications, a wireless communications provider, Netscape, a software provider, Unwired Planet, which makes servers and microprocessors for the wireless industry and electronics systems giant Motorola.

A joint statement from the firms said the project will enable a user to access the Internet via a portable telephone and to treat voice and data on his or her laptop or stationary computer.

The initiative was to be unveiled Monday at the Cellular Telecommunications Industry Association's trade show here.

Daniel Akerson, Nextel chairman, said mobile phone users would be able "to send and receive information in real time and update time sensitive, mission critical business information."

The completed package will be known as Nextel Online, a wireless Internet portal capable of extending Internet services to mobile phone customers. It will combine Netscape's Custom NetCenter and its electronic commerce software, through which businesses can create their own portals, according to the statement.

"Through a standard PC-

browser, customers can access Nextel Online's personalized services including stock quotes, weather and business headlines and Nextel Internet-based services," it added.

The system will make use of a Motorola portable telephone, the i1000 plus, expected to be released in mid-1999.

The statement described the device as "the first integrated handset to support Internet access."

In a separate announcement Monday, Motorola said it had also joined Cisco Systems, which builds networks for Internet access, in an endeavor to extend the reach of the Internet through cellular phones and other wireless devices.

The two companies will

spend up to one billion dollars over the next five years to make the Internet as accessible over wireless networks as through computers and telephone lines.

A joint statement said the firms "will unite different standards for wireless services worldwide, and introduce an open Internet-based platform for integrated data, voice and video services over cellular networks."

"Cisco and Motorola are bringing a New World Internet platform to the wireless industry," according to Don Listwin, executive vice president of Cisco Systems.

"This extends the Internet to a world without wires, and represents the first major deployment of integrated data, voice

and video services under an Internet-based cellular infrastructure."

The proposal had won the backing of leading communications companies, including Sprint.

"Anything that reduces network operating costs, provides for more efficient transport, or adds additional functionality to the network is very much in line with our strategic focus," said Keith Paglus, a Sprint senior vice president.

The joint statement added that one component of the project, known as "unified messaging," will enable "a cellular phone user (to) simultaneously send and receive voice mail, e-mail and fax messages while talking on the same phone."