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US Trade Show '99 starts in city

Kibria urges Americans to invest in joint ventures

Star Business Report

Finance Minister Shah AMS Kibria has urged the US entrepreneurs to invest in joint-venture projects in Bangladesh, taking advantage of the country's liberal policy.

"I am appealing to the US businessmen to think afresh not only about trade but also joint-venture projects in the country," he said, while inaugurating as chief guest the three-day US Trade Show '99 at Dhaka Sheraton Hotel yesterday.

Terminating the United States as a major source of investment for Bangladesh, the finance minister said: "We are a capital-short country and seeking foreign investment with comparatively liberal rules and regulations in Asia."

"Although we were a bit late in joining the liberalisation process of international trade regime, we have already made some progress," Kibria said.

He described US as an important trade partner of Bangladesh and observed that the country's export-oriented

industries were exploring new areas and growing with slow diversification. "We are really in a position to make rapid progress."

Referring to the recent 60-hour non-stop hartal across the country, the finance minister said that the commonman did not know the issue behind such strikes.

Mentioning one of the opposition demands for removal of the incumbent Chief Election Commissioner (CEC), he said that the government had no jurisdiction to remove him from office. Any interference of the government in this regard, Kibria said, would be tantamount to undermining the constitutional post of the CEC as well as the Election Commission.

Kibria, however, pointed out that it was the jurisdiction of the supreme judicial council which could deal with such matters.

The opposition have no economic, social and political grounds to justify their agita-

tion programmes, he said. "Their only agenda is to go to power."

The inaugural function of the 8th gala exposition was attended by US Ambassador John C Holzman, President of American Chamber of Commerce (AmCham) Forrest E Cookson and its Executive Director A Gafor.

Speaking at the function, John C. Holzman said that Bangladesh's exports to the US market was increasing gradually and hoped the trade show would help promote US exports here and further develop the existing trade relations between the two countries.

Poiting to the trade gap between Bangladesh and USA, he said "US exports here ranged between \$ 250 and \$ 300 million. Bangladesh exported garments worth 1.7 billion dollar to the US market in 1997-98 and it is expected to grow to about \$1.9 to 2 billion dollar in the current fiscal year."

Holzman, however, observed that US exports to Bangladesh

did not increase as rapidly as its investment in the country. In this regard, the ambassador mentioned that his country's investment in Bangladesh increased mainly in the power and gas sectors.

Jointly sponsored by the AmCham and the US Embassy in Dhaka, the annual event this year is being participated by a total of 70 exhibitors.

In the trade show, different enterprises are presenting and selling their products like computers and accessories, office equipment, air-conditioners, electrical and electronics goods, drinks, engines of different kinds, fuel, power generators and energy machinery.

Stalls were groomed with the products and services of various enterprises like educational institutions, banking and insurance companies, credit card service-providers, air cargo and airlines, hotels, rent-a-car, building firms and marine terminal management companies.



Visitors through a stall at the 8th annual US Trade Show organised by the American Chamber of Commerce and the US Embassy in Dhaka at Hotel Sheraton yesterday. —Star photo

BOJ eases monetary policy

TOKYO, Feb 12: The Bank of Japan Friday stunned markets by slicing its overnight rate target, a decision swiftly condemned as a disastrous buckling to political pressure, reports AFP.

The Bank, under intense lobbying from Tokyo to ease monetary policy and buy more government bonds, said it would guide the overnight call rate to 0.15 percent from 0.25 percent.

The rate would later be cut to "the lowest possible levels," depending on the markets, it said in a statement.

While rejecting calls for more government bond purchases, the Bank of Japan said it planned to utilise the repo operation involving government bonds more actively than before.

Under repo, or repurchase, operations the Bank of Japan buys bonds from commercial banks for a set period to provide liquidity, under the condition that the banks will buy them back later.

"I think it is disaster," said Ronald Bevacqua, economist at Merrill Lynch Japan.

The decision was wrong "not only because I think it has very little impact on long term interest rates but it clearly shows they are sensible to political pressure," he said.

The Bank of Japan left the official discount rate, the rate charged on central bank loans to financial institutions, at a record-low 0.5 percent.

"Looking at financial moves, the tightness regarding short-term money market trading and corporate financing is easing," said the Bank of Japan statement.

"But long-term interest rates rose sharply and foreign exchange rates are tilted for a higher yen. Share prices are generally weak. There are fears that these market movements could bring about negative effect to the future course of our country's economy."

The Bank of Japan meeting had been seen as the toughest test yet of the central bank's in-

dependence, enshrined in law last April.

The government has been alarmed at the rise in bond yields, which peaked on February 3 at 2.440 percent, the highest since June 1997, and the damage higher interest rates could wreak on business and banks.

Its frustration with the Bank of Japan's perceived failure to fall in line with Tokyo's easy fiscal stance was showing.

The Bank of Japan said the uncertain economy and finance problems made it "appropriate to provide maximum support from financial policy management in order to cope with a possibility that deflationary pressure may increase in the future and to ensure a halt to deterioration in the economy."

Mitsuru Saito, chief economist at Sanwa Bank Ltd., said the decision was "the product of politics given recent pressure from the government to do something about rising yields."

He added: "Today's cut in the call-rate can hardly make a

positive impact on the economy."

The Bank of Japan also decided to halve the rate charged on an emergency commercial bank lending facility to corporate borrowers to 0.25 per cent, in line with the lower money market target.

Bevacqua of Merrill Lynch said there were "lots of negatives associated with this move and I don't think it is going to solve Japan's problems."

"What I am most worried about is Asia. The yen is already trading at 115 (to the dollar) and I think it is going to get a lot weaker, and put a lot of pressure on the rest of Asia."

Lower Japanese interest rates reduce the return on domestic assets and the demand for yen to buy them.

Late last year the bank decided to guide down the overnight rate, at which banks lend to each other, to 0.25 per cent, in an effort to ease a credit crunch in the world's second largest economy.

World getting weirder

LONDON, Feb 12: As we approach the millennium, the world is getting weirder, according to a report on bizarre and paranormal activity released yesterday, reports AFP.

According to the Forteen Times Weirdness Index, which totals the number of reports in the British journal of strange phenomena, the world was 4.1 per cent weirder in 1998 than in 1997.

Activity in the paranormal world was up by eight per cent, according to the index, which noted a particular rise in weeping statues, prophecies, apparitions and encounters with unidentified flying objects (UFOS).

Humans also acted more bizarrely, said the Forteen Times, with ineptitude, stupidity, hoaxes, and cult activity up 6.5 per cent.

"Last year was by far the strangest year since our records began," said Joe McNally, Forteen Times' associate editor.

"As we approach the year 2000 we're seeing unprecedented interest in the paranormal world."

Tata plays down popular response to Indica

NEW DELHI, Feb 12: The chief of India's largest conglomerate, the Tata Group, played down Friday the overwhelming response to the company's newly-launched small car, saying demand was bound to taper off, reports AFP.

The 1400 cc Indica, designed and manufactured by the Tata group, was launched last year in petrol and diesel versions.

When sales opened last month for the first batch of 10,000 Indicas, the company received bookings for 115,238 cars.

Tata said it would retain 50,000 bookings for the second round of allotments beginning March.

"Obviously the response has been overwhelming... but there is a speculative element in the number of bookings," group chairman Ratan Tata told reporters.

"There will be a tapering off of this enthusiasm as we move along in the months ahead," Tata said, pointing also to the "demand recession" in the economy.

"So long as the level of industrial activity in the country is down there will be a drop in demand. The transport sector will be the worst affected," Tata said.

The Tatas have invested 15 billion rupees (384 million dollars) in the Indica venture which has an annual production capacity of 150,000 cars.

The company has targeted sales of 10,000 cars between now and March 1999, and 45,000 cars in the year to March 2000.

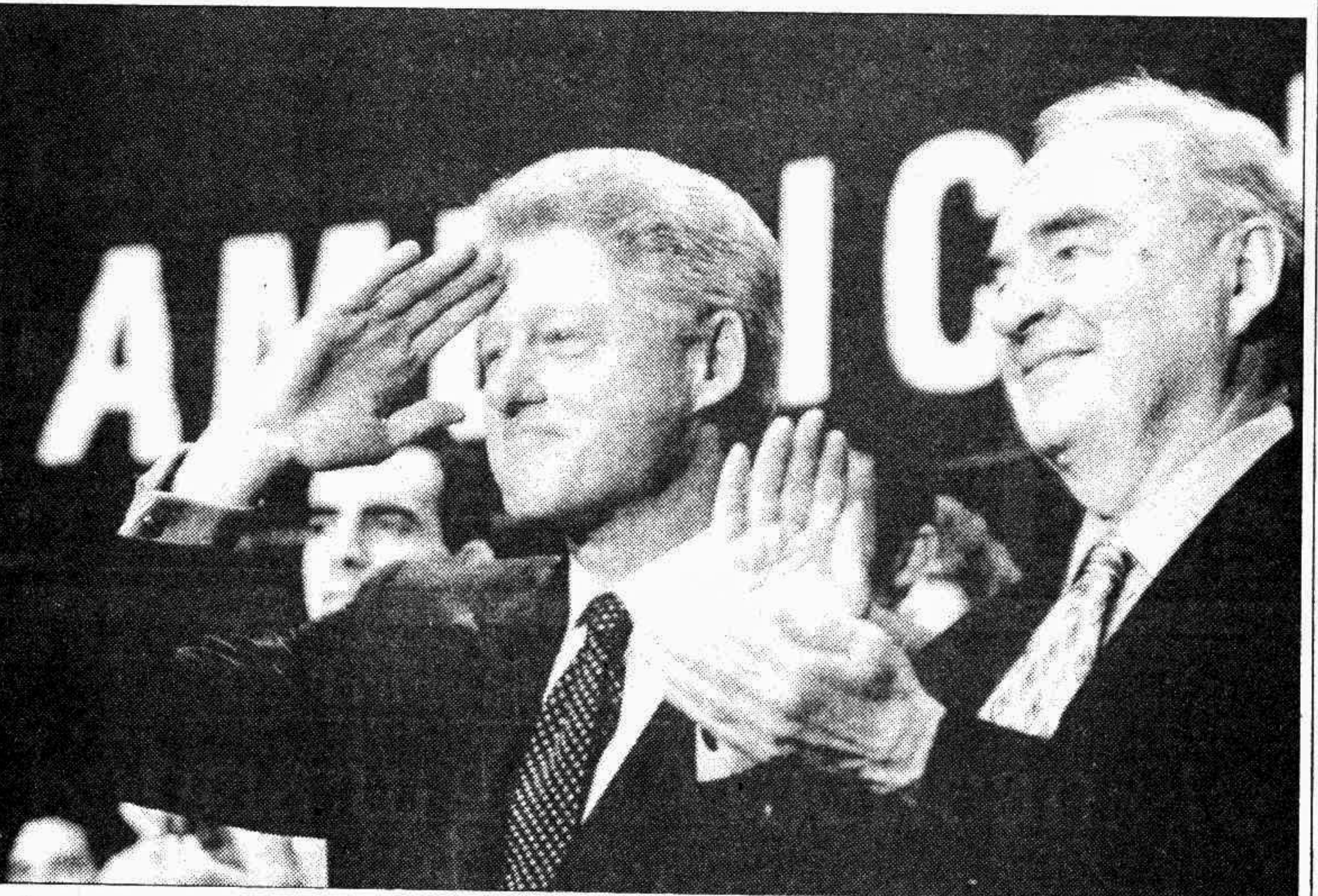
"The vehicle has caught the public attention and now we plan to export it after some time. First we have to take care of the domestic demand. It is

made with the requirements of the Western nations," Tata said. He said the Tata group, which consists of more than 80 companies ranging from tea to telecommunications, was aiming to consolidate its existing operations.

Eight group companies, including Tata Iron and Steel Company and Tata Engineering and Locomotive Co., signed a "brand equity brand promotion agreement" on January 1, 1999.

The objective of the brand equity scheme is to promote a unified Tata brand which will be on par with well-known international brand names.

"We are looking at our core competence. Some businesses will be merged into one strong company. We are also looking at questionable companies... understanding our business and competition. This is just the start of the exercise," Tata said.



WASHINGTON (United States): US President Bill Clinton (L) salutes alongside Americorp CEO Harris Wofford (R) during the first national recruitment effort for Americorp volunteers at the University of Maryland's Ritchie Coliseum in College Park, Maryland, Wednesday. Clinton called upon Congress to expand membership and increase funding. — AFP photo

Tourist arrivals sharply up in South Africa

CAPE TOWN, Feb 12: Despite South Africa's high crime rate and a spate of bombings at prime leisure sites, the number of tourist arrivals has risen sharply over the past four years, Tourism Minister Pallo Jordan said yesterday, reports Reuters.

Since the country shed its world pariah status after the first all-race elections in 1994, tourist arrivals have climbed 63 per cent to around six million in 1998.

But Jordan added at a news conference that criminality still might seriously hamper the success of South Africa as a tourist destination if it were left unchecked.

"Crime against tourists in our country is a big threat to the tourism industry, and it has the potential to cripple opportunities that are there for the nation with regard to economic growth and the creation of jobs," he said.

Jordan said tourism had provided 187,000 new jobs over the past three years, bringing the number of South Africans employed in the sector to 737.

Pinning its hopes on tourism to trim its unemployment rate, South Africa is preparing for an aggressive marketing blitz to attract foreigners to the country.

Jordan said safety task groups working with the police on measures to prevent and manage crime against tourists had been set up to allay visitors' concerns.

Euro may pose increased money laundering threat

PARIS, Feb 12: The euro could pose increased money laundering problems, with the single EU currency threatening to de-throne the dollar as the criminals' currency of choice because of its larger-denomination notes, the OECD said Thursday, reports AFP.

Euro coins and notes will not be in use until 2002, but "we are already seeing some money being changed into UK pounds sterling," a non-euro currency, which could be the proceeds of criminal activity, said Simon Goddard, head of Britain's National Criminal Intelligence Service strategic division.

Goddard told a press conference following a meeting of the financial action task force on money laundering (FATF) that ahead of the launch of the euro on paper in January "there was an increase in foreign currency being changed in British bureaux de change."

"There is a feeling that the (500 euro) ... may become the note of choice" for transporting large sums of ill-gotten gains, Goddard said.

The FATF is not asking the European Central Bank to withdraw the note, but urged the ECB in a report to "thoroughly examine" the likely legitimate uses of the 500 euro note before they are issued.

Law enforcement agencies are

also concerned that the sheer volume of transactions during the six-month period in 2002 when holders of national currencies in the 11 euro zone countries will have to physically exchange them for euros will make it easier for money launderers to slip through the net.

"There is a fear that the actual physical amount of activity may overwhelm" the detection systems, said Goddard, who chaired the FATF meeting in November which prepared the report.

The FATF report also expressed concern about countries refusing to cooperate in the fight against money-laundering efforts, particularly offshore centres, but FATF officials refused to identify them.

The group is preparing a report on such countries at the request of the Group of Seven industrial countries, but this will take some time as FATF members have yet to agree on the definition of refusal to cooperate.

There can be no discussion of ways to pressure countries into cooperating until this is sorted out, and final proposals are not expected to be ready for the G7 summit in June, FATF officials said.

Drug trafficking remains the top source of illegal funds, but

FATF members are increasingly concerned about the use of the Internet and electronic payment systems for laundering cash.

Goddard cited one case where a sum of money transited seven offshore centres electronically in two minutes -- and it took three years to complete an investigation to track down the criminal and recover the money.

Criminals are also increasingly paying lawyers and accountants to set up hard-to-track systems for channelling their "dirty" money into the legal system.

The report cited one case where a legal firm alerted authorities after an organised crime group asked it to handle the purchase of a building which it turned out to own already, so that it could deposit its "dirty" money with the lawyer as the purchase price, then get a refund in the form of a "clean" check drawn on the law firm's account when the sale "fell through".

The FATF is based at the Organisation of Economic Cooperation and Development in Paris and groups 24 of the 29 OECD members plus the European Commission, the Gulf Cooperation Council, and non-OECD members Singapore and Hong Kong.

Thai Senate okays bankruptcy bill

BANGKOK, Feb 12: Thailand's upper house of parliament Friday gave final approval to an amended bankruptcy court bill, one of 11 key pieces of legislation designed to rescue the shattered economy, officials said, reports AFP.

The Senate approved the bill with a landslide 103 to three vote.

Under the bill, companies filing for rehabilitation will have to have their cases heard in two new courts. Firms going into liquidation will go through the two courts and Thailand's Supreme Court.

Critics of Thailand's current bankruptcy legislation say it can take years and even decades for a company to go bankrupt and allow creditors to claim back funds.

Chinese gear up to eat, drink and get richer

BEIJING, Feb 12: Chinese people across Asia were gearing up for the Lunar New Year celebrations Friday, travelling home and preparing to eat, drink and -- with any luck -- get richer, says AFP.

In China, travellers piled onto trains, planes and long-distance buses as companies and government offices began closing for the holidays, jostling and bargaining over black market tickets after official tickets sold out.

Recession-hit Hong Kong meanwhile prepared to greet the new lunar year with its traditional fireworks display in Victoria harbour, as well as a float parade in the Wanchai nightlife district.

Some 500,000 people are expected to cross the border to

visit friends and relatives in mainland China at Lowu transit crossing alone during the festival. Immigration officials expect nearly a million will leave Hong Kong during the holidays, which effectively last all next week.

Across the border in the Guangdong provincial capital of Guangzhou, tens of thousands crammed the city's sprawling train station.

People desperate to return to their homes for the holiday paid 10-30 percent above the face value for tickets from scalpers, despite authorities banning the practice, reports in Hong Kong said.

In Taiwan, authorities were focussing mainly on traffic control measures on the island's congested highways.

"Although it would be a 'mission impossible', I ask all those who are in charge of traffic affairs to be Tom Cruise," Interior Minister Lin Feng-cheng told AFP.

In central Beijing, traffic was brought to a virtual standstill along several kilometers (miles) of road by legions of early holiday-makers eager to strike it lucky in a massive lottery to usher in the Year of the Rabbit, and maybe drive home in a brand new imported car.

Rows of automobile prizes lined the boulevards, while the opportunity to win scratchcard prizes of 200,000 yuan (24,100 dollars) cash, microwave ovens, giant screen televisions, and hundreds of other household items kept the crowds pouring in. Uniformed security guards

have been stationed at 50-meter (165 foot) intervals under street-wide banners in traditional Spring Festival red, adorned with over-sized paper lanterns.

Shopping malls and street markets have been bustling for days in anticipation of the new year -- set to fall on February 16 this year.

"Street vendors have been raising their prices steadily all week," reported one domestic worker in Beijing. "But now many of them have already closed shop for the holidays."

Traditional gifts offered to friends, family and co-workers over the holidays -- baskets of fruit, gift-wrapped delicacies and clothing -- have been packing merchants' shelves since the beginning of the

month. The local media reported a new trend in gift giving this year: books for the children of friends.

While China is still feeling relatively prosperous, in predominantly-Chinese Singapore the run-up to the Year of the Rabbit has been low-key as the city state reels from its first recession in 14 years, with people cutting back on spending after suffering pay cuts from last month.

Shopkeepers in popular Chinatown have cut prices of their festive goods by up to 40 percent this year, but business remains slow, according to a poll by a local newspaper of 32 Chinatown merchants.

As well as rushing for presents for their loved ones, couples in China have been rushing

to get married in the last remaining days of the Year of the Tiger, believed by many to be a good year in which to wed.

"Marrying just prior to the New Year allows couples to double up the vacation time for their honeymoon and for the Spring Festival, giving them more time to travel and visit family," the Beijing Youth Daily reported.

Fuel was added to the fire of the eleventh hour rush by fears the upcoming Year of Rabbit was traditionally an "unlucky" year for marriage, it said.

Despite its bad reputation for marital harmony, couples are expected to try especially hard to conceive children under the sign of the rabbit, thus ensuring the baby is born in the following Year of the Dragon.

India to sell \$190m telecom shares

NEW DELHI, Feb 12: Indian government will earn 190 million dollars by selling 20 million shares of its international telecommunications carrier, a company official said here, reports AFP.

Anil Kumar, Chief Executive of Videsh Sanchar Nigam Limited, said the government had announced a price of 9.25 dollars per global share issue of Videsh Sanchar Nigam Ltd (VSNL).

The issue price was fixed at a 15 per cent premium to the domestic price of VSNL shares. In May 1997, the company's divestment in global markets earned 527 million dollars and was the largest ever sell-off by any Indian company.