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# The Daily Star BUSINESS

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## \$2.5m community empowerment deal signed with UNDP

The government yesterday signed a three-year project worth 2.5 million US dollars with the United Nations Development Programme (UNDP) for community empowerment initially in two thanas of the country, reports BSS.

The two thanas where the project will be implemented are Gaibandha Sadar thana, a UNDP press release said.

Secretary of the Economic Relations Division (ERD) Dr Masihur Rahman and Resident Representative of UNDP David F Lockwood signed the agreement on behalf of their respective sides at a simple ceremony in the NEC Committee room of ERD.

The project is aimed at empowering the poor and the marginalised including women to free them from the clutches of poverty as well as enhance the capacity of the village communities to define their development needs.

The poverty alleviation project will be implemented by Bangladesh Rural Development Board (BRDB) and may be expanded to cover two other thanas — Bagmara in Rajshahi district and Faridpur Sadar thana, after reviewing the progress made during the first 18 months.

This is the second poverty alleviation project to be executed by BRDB, the first being implemented in Sylhet. Two similar projects have also been implemented in Sirajganj and Patuakhali districts by RDA and BARD respectively.

## Tk 18,253.60cr LCs opened

Import LCs worth Tk 18,253.60 crores (US\$ 3630.77 million) were opened by authorised dealer banks during July-December last.

This reflects an increase of 28.83 per cent in terms of taka and 20.69 per cent in terms of US dollar over the same period of the previous fiscal, says a BB press release issued yesterday.

The increase was due mainly to substantial rises in opening of LCs for import of foodgrains and capital machinery.

## Stable yuan top Chinese goal in 1999

BEIJING, Feb 28: Maintaining a balance of international payments and protecting the stability of the currency are the two main goals in 1999 for China's State Administration of Foreign Exchange, a Chinese newspaper reported Sunday, says AP.

Li Fuxiang, the foreign exchange bureau's director, also vowed to continue the government's clampdown on illegal trade of foreign exchange, according to the Financial News, the official publication of the People's Bank of China, the central bank.

Last year, an outflow of hard currency from China eroded foreign exchange reserves as fears mounted that Beijing might devalue its currency to boost exports.

The government responded by tightening controls on trade financing a major channel for converting the Chinese yuan into foreign exchange. Beijing also adopted a tougher stance toward the black market, making unofficial currency trade a criminal offence.

As a result, reserve levels rebounded, with China reporting \$148 billion in foreign exchange reserves at the end of 1998, up \$5 billion from the previous year.

Chinese leaders, who have pledged not to devalue the yuan in 1998 and this year as well, want to minimize points of weakness for the currency. Officials point to massive reserves, second largest in the world next to Japan's, as proof that it can keep the yuan stable. China also recorded a \$43.59 billion trade surplus last year.

But stagnant exports, hurt by Asia's slow economic recovery, will make it difficult to match the same level in 1999.

## China-Russia trade boost likely

BEIJING, Feb 28: Trade between China and Russia is expected to pick up this year after a decline last year, a Chinese newspaper reported Sunday, echoing the optimism expressed by officials from both sides during Premier Zhu Rongji's trip to Russia last week, reports AP.

Bilateral trade will surpass \$6 billion this year, government researcher Qin Xuanren was quoted as saying by the Business Weekly.

Trade in 1998 dropped to \$5.48 billion, compared with \$6.12 billion in 1997. Economic ties recently have been set back by Russia's economic crisis and a slowdown in China's growth.

Still, Qin said the performance of economic trade between China and Russia was out of proportion to the economic power of the two countries.

China traditionally has exported consumer goods to Russia and imported machinery, electronics and raw materials.

# Egypt for fostering trade co-op among D-8 states

The Egyptian Foreign Minister stressed the need for fostering trade and economic cooperation among the developing countries for their existence in the wake of the new economic order, reports UNB.

"International circumstances do not favour the developing countries," said Amre M Moussa, who is now in the capital for the D-8 Summit. "We should take it seriously, start cooperation between business community and the government providing opportunities for them."

Talking briefly to UNB at the Egyptian Embassy, Moussa said

that the developing countries should stand firm to defend themselves and thus protect their interest in the new economic order.

"Let us not despair," he said when his attention was drawn to the non-participation of the majority of the heads of state or government of D-8 in the Dhaka Summit.

"The leaders who are not coming due to pressing needs at home have lots of interest in effective cooperation among us to benefit our people," said the Egyptian foreign minister.

He expressed his optimism

that the members of D-8 would soon start exchanging delegations to cooperate in different sectors of the economy. "We must produce something that will benefit our people," he said. He said Egypt is also looking forward to strengthen its business relations with other developing countries of Asia and Africa.

A career diplomat and a long-serving foreign minister of Egypt, Moussa thinks that confidence in the United Nations and the Security Council has eroded much over the past few years.

He said: "The membership of

the Security Council should be raised to 25 or 26 with adequate representation from Asia and Africa."

The Egyptian foreign minister was optimistic about peaceful solution of the Palestinian problem.

He said: "We are opposed to resorting to force to resolve the long-standing problem that arose from the intransigent attitude of Israel. Israel must abide by the peace agreement."

I hope constant diplomatic efforts will ultimately help in peaceful resolution of the Palestinian problem."

# Three-day int'l Y2K summit begins in Manila today

MANILA, Feb 28: Experts from around the world will gather in the Philippine capital this week to learn about measures to minimize the effects of the so-called millennium bug, reports AFP.

By hosting the Y2K summit, the Philippines hopes to boost local awareness and spur efforts here to prepare for the turn of the century and feared computer disruption when January 1, 2000 comes around.

At least 150 delegates are expected to attend the three-day summit which starts on Monday.

A keynote speaker on Tuesday will be John Koskinen, Chairman of the US President's Council on Year 2000 Conversion, with representatives from governments and the private

sector participating in other discussions.

Amable Aguiluz, Chairman of the Philippine Presidential Commission on Year 2000 Compliance, the host of the summit, said the meeting will focus on the "best practices theory" in tackling the problem. "This is not the time to reinvent the wheel or be too original" since year 2000 is just months away, he said.

The millennium bug, also known as the year 2000 or Y2K bug, refers to possible disruptions to computer systems that may occur when internal calendars attempts to click over to 2000 dates.

Since many computers are programmed to recognise only the last digits of a year, they may not be able to distinguish

2000 from 1900.

It is feared this will result in everything from minor confusion in billing statements to a complete collapse of systems governing power plants, banks, medical services and air travel.

Aguiluz himself admits he is unsure how severe the problem is — one of the matters to be taken up at the conference.

At the summit, delegates will go over the practices of other industries in addressing Y2K problems to see which are most effective.

Contingency planning for the anticipated disaster will be taken up by speakers from the United States, Canada, Australia and New Zealand, while other speakers will discuss how deeply the problem is embedded in various computer systems.



HONG KONG (China): A woman makes a call on her mobile phone as she carries her pet dog through a Hong Kong intersection Sunday. A ferocious new mobile telephone price war is set to begin in Hong Kong today when for the first time users will be able to take their current telephone number with them when they switch to a new network. Service providers have already slashed prices to entice current users to stay and new users to sign up. Hong Kong has 2.9 million mobile phone users in the territory, accounting for 42 per cent of the population.

— AFP photo

## Pak textile body urges WTO appeal if US limits yarn imports

KARACHI, Feb 28: Pakistani textile makers said yesterday their government should take the United States to the World Trade Organisation if it goes ahead with plans to curtail imports of Pakistani combed yarn, reports AFP.

The US has told Pakistan its exporters are dumping the yarn on the American market and has proposed a limit of 5.2 million kilograms. A US decision on the matter is expected next month.

Humayun Elahi Sheikh, Chairman of the All Pakistan Textile Mills Association, denied dumping and said the US move was against the spirit of globalisation of trade.

## Iraq seeks its pre-sanctions OPEC quota

BAGHDAD, Feb 28: Iraq said yesterday that it will ask OPEC next month to restore its pre-sanctions oil production quota at the expense of Saudi Arabia, reports AFP.

Oil Ministry Under Secretary Sami Sharif told the newspaper Al-Iraq that the request would be lodged at the OPEC ministerial meeting in Vienna on March 23.

"Iraq has the right to claim back its quota" of 3.14 million barrels per day (BPD), as it stood before UN sanctions were imposed on Iraq for its August 1990 invasion of Kuwait, he said.

To make up for the loss of Iraqi oil, Saudi Arabia raised its output from 5.4 million BPD to more than eight million BPD, while the output of the United Arab Emirates was increased to two million BPD, from 1.5 million BPD. Sharif contested the Saudi increase but he did not mention the UAE, which has supported Baghdad with calls for sanctions to be lifted.

Iraq will also demand compensation from Saudi Arabia and Kuwait for its lost revenues "from 1986 up until the present day" due to low oil prices, the official said, without giving a figure.

Before the invasion, Iraq protested at losses amounting to 89 billion dollars and blamed Kuwait and the UAE for low prices.

It also accused Kuwait of stealing 2.4 billion dollars worth of oil from a field on the border.

Iraq's current output capacity is 2.71 million BPD but it aims to raise capacity to three million BPD after repairs to its war-battered oil installations.

# Kibria urges foreign banks Extend term loans to industrial sector

Finance Minister Shah A M S Kibria urged the foreign banks to extend term loans to the country's industrial sector and thereby contribute more to the national economy, reports UNB.

He made the call at a meeting with the executive chiefs of the foreign banks operating in Bangladesh in the finance ministry conference room yesterday.

He said the foreign banks are an integral part of the country's economic activity and they could spur it by loaning long-term credits to export and manufacturing industries.

"There is a great scope for foreign banks to contribute to our economic process by disbursing long-term credits," the finance minister told the overseas bankers.

He informed them that the government was discussing Financial Institution Development Project with the World Bank.

The funds of this project would also possibly be invested through foreign banks. Until implementation of this project, the on-going 50 per cent reimbursement facilities given by Bangladesh Bank in industrial credits will continue, he said.

# PRAN Aseptic Juice Plant launched

Agricultural Marketing Co Ltd-PRAN has launched the country's first Aseptic Fruit Juice plant in technical collaboration with Tetra-Pak India Ltd.

The launching was made at a function held at its factory at Ghorasal, Falash, in Narsingdi on Saturday, says a press release.

Minister for Commerce and Industries, Tofail Ahmed, was the chief guest while the Mission Director of USAID, Gordon H West, attended the function as the special guest.

Akhতারuzzaman MP, Tajul Islam MP, Shah Alam MP, Meher Afroz MP, Managing Director of Tetra-Pak (India) Ltd, MS L F Poonawalla senior government officers, business leaders from different chambers of commerce and industries and local dignitaries were present on the occasion.

In his address, the Minister of Commerce and Industries, Tofail Ahmed, asserted that agro processing is one of the thrust sectors to which present government gives top priority.

He described the fruit processing industry, of which PRAN is a pioneer as an example of private entrepreneurship.

The minister promised his full support to the agro-processing industries and promotion of their exports. He announced amidst applause that cash incentives will be given on exports of processed fruits, vegetables and other foodstuff where value addition is substantial just as the incentive of 25 per cent received on exports of RMG sector.

The Chairman of Agricultural Marketing Co Ltd-PRAN, Lt Col Mahtab Uddin Ahmed

(Retd), in his address said the plant has been installed at a cost of over Tk 10 crore.

It will fulfil a long-felt need for making available indigenous fruit and vegetable juices in hygienic, cheap and convenient packaging. It will also stimulate the rural economy considerably by creating demand and hence production of many horticultural crops which PRAN will be processing. Increased employment opportunities will thus be available in the agro-processing and backward/forward linkage industries which will follow, he added.

The Executive Chairperson and Managing Director of Tetra-Pak (India) Ltd, MS L F Poonawalla expressed high optimism about PRAN and hoped that PRAN would be soon an internationally-recognised brand.

The Mission Director of USAID, Gordon H West said, this new plant will make an important contribution to the prosperity of local farmers. It is a wonderful example of how private entrepreneurs can positively contribute to increase value addition in Bangladesh's agricultural sector. He also hailed USAID's role in the establishment of PRAN factory by providing technical assistance through the Agro-based Industries and Technology Development Project (ATDP).

The Chief Executive of PRAN Group, Maj Gen Amjad Khan Chowdhury (Retd), reiterated that export of agro-based products now constitute a major factor in world trade and this is PRAN's target for the near future.

## Bring down equity participation to 10pc: Quddus

CHITTAGONG, Feb 28: BGMEA president Mostafa Golam Quddus yesterday demanded that equity participation be brought down from 50 per cent to 10 per cent for industrial loan in the garment sector, reports BSS.

"Country's garment industry cannot stand on its feet if the bottleneck in loan allocation continues to exist," he told newsmen at a press conference at Chittagong Press Club.

The Combined Panel of BGMEA, led by Quddus, arranged the press conference ahead of its election.

Quddus said assets worth about Tk 14,000 crore remained mortgaged in the financial institutions as collateral against loan for the garment sector.

"This strict rules should go," he said.

The BGMEA president said some 1,800 garment factories, now in operation, earned 3.1 million US dollars in 1997 and 3.67 billion dollars in 1998 by exporting garments.

The export earning fell short of target by three per cent in 1998 due to flood, he said.

The Combined Panel candidates Mahbub Ali and Abul Kasem Haider were present at the press conference.

## 2000 Excursion of Ford to be biggest sport utility vehicle

DEARBORN (Michigan), Feb 28: Ford Motor Co, defending itself from attacks by environmental groups, says its hulking, nine-passenger Excursion sport utility vehicle will be among the safest and cleanest-running SUVs on the market, reports AP.

The 2000 Excursion, at nearly 19 feet (6 metres) long and just under 7 feet (2 metres) tall, will be the largest sport utility vehicle on the market when it arrives in showrooms Oct 1. Empty, it will weigh 3.5 tons.

Its size and low fuel economy have made it a target for environmental groups.

"This will be the most polluting truck on the road and will set a new low for Detroit," said Dan Becker, director of the Sierra Club's global warming programme.

The Excursion will get only about 10-12 mpg (16-19 kpl) with its optional V10 engine, Ford Motor Co acknowledges. At best, the optional diesel V8 will get 15-18 mpg (25-29 kpl). To ensure fewer fuel stops, the Excursion will come with a 44-gallon (166-litre) fuel tank — twice the size of tanks on most midsize SUVs.

To address safety concerns, the Excursion will be equipped with a 4-foot (1.2 meter) tubular steel bar under the front bumper to help prevent it from riding over a car in head-on collision. A 3-foot-long (meter-long) trailer hitch will be positioned to offer the same protection in rear-end crashes.

## Ex-Thai PM denies bribe allegation

BANGKOK, Feb 28: Former Prime Minister Banham Silpa-archa has denied he accepted bribes from a banker accused of embezzlement and who is now a fugitive, local papers reported on Saturday, says AP.

"These claims are absolutely untrue," Banham said in a statement released to local papers.

Banham's accuser, Rakesh Saxena, is living in Canada and fighting extradition to stand trial in Thailand where he is wanted on charges of embezzling millions of dollars from the scandal-ridden and now closed Bangkok Bank of Commerce.

In statements this week, Rakesh told Canadian police he paid Banham \$4 million in 1995. The money, Rakesh claimed, was used to buy votes so Banham's Chart Thai (Thai Nation) party would win that year's election.

Rakesh fled Thailand in 1997 after investigations determined that management and politicians had looted the bank to the tune of \$3 billion.

# Indian markets look up on budget announcement

By Hemant Babu

MUMBAI, Feb 28: The Indian capital markets reacted positively to the Union budget for 1999-2000 that spelt out several potential changes in the investment environment indicating the government's aim to facilitate restructuring of corporate India.

During the special trading day, the Bombay Stock Exchange opened this morning on an optimistic note. The Sensex, the sensitive share index of the Bombay Stock Exchange, opened at 3301.33, which was 68 points above its previous closing.

The Sensex began to move up steadily but then dropped to a low of 3215.69. From this point on the bull run began and the Sensex touched a high of 3400 before closing at 3399.63.

The expectation, impatience and optimism triggered a fluctuation of almost 200 points in a single day.

Similarly, the sensitive index of the National Stock Exchange opened at 947.35 to scale the height of 981.55 before settling down at 981.30 for the day.

In the first full hour of his speech, Finance Minister Yashwant Sinha spelt out various measures to strengthen the rural economy with a thrust on primary education, housing and agricultural infrastructure and credit.

As he spoke about various schemes, the capital market began to slide down as if it was too impatient to wait till the end. At one point the index came down to its opening level, making the investors and punters nervous.

However, the market once again picked up momentum as the Finance Minister began to read out various measures to improve the investment environment.

The investors and punters welcomed the tax exemption on the dividend income through equity based mutual funds, tax benefits for corporate mergers and acquisitions, special concession for the entertainment industry and expected benefits to the Information Technology companies.

The immediate benefits to select industries overshadowed the larger concerns over the fiscal health of the Indian economy.

"The investors were too busy calculating their portfolio to think about fiscal deficit and the inflationary pressure," dealers said. The mood in a broker's office was that of excitement. Most retail clients had their eyes fixed on the trading screen and had no time to look back on the TV screen to witness the happenings in Parliament.

Everyone seemed to be in a mad rush to ensure that they don't miss the bus. When the Finance Minister announced a 10 per cent surcharge on corporate and individual tax, a sudden silence descended in the trading room.

But Suketu Dala, a chartered accountant who was also present in the room, had soothing words for everyone.

"Don't worry, the companies would easily absorb the surcharge which he explained would be levied only on the tax payable...it would not be more than three per cent of additional burden on corporate houses," he said.

By the time the Finance Minister finished his speech, many had the feeling of having their day made while others felt that they missed the bus.

"I had come decided to take buy position in Information Technology shares, but I got scared when the market began to go down in the morning," said Pratul Jhaveri, an intra-day speculator.

By the time he realised that he was right in his assessment, the stock exchange authorities had prohibited any fresh buying in these shares.

Pharmaceutical and IT companies, which remained the hot favourite of operators and speculators, continued to be the

same even after the budget.

By the mid-trading session, most of the companies in these two sectors had all buyers but there was no one to sell.

The shares of entertainment companies too came into limelight with the Finance Minister announcing sops for the sector to go global. There were many buyers for the shares of Zee TV and Adhikari Brothers.

The companies in the field of housing finance also drew investors' attraction even as the shares of the companies producing Fast Moving Consumer Goods (FMCG) remained in good demand.

Market analysts, however, say the market eventually will have to reconcile with the fiscal imbalance that the budget has brought out.

Economist and tax consultant Chaitanya Dalal pointed out that wide fiscal deficit, absence of any concrete measures to boost exports and the inflationary potential would most certainly affect corporate India as well.

"The present level of the market or even its optimism do not seem to be realistic," he said.

Over the last week, pre-budget blues coupled with continuing political uncertainty, had dampened the mood in the market with trading volumes

taking a nose dive.

The intra-day traders and cautious individual investors preferred to keep a low profile. But in the absence of institutional support the volumes on the Bombay Stock Exchange as well as the National Stock Exchange dwindled considerably.

According to the figures available by the weekend, the combined drop in the trading volume was to the tune of 38 per cent.

The fact that the fall was prominent in active stocks like Pentafour, Satyam, ITC and the State Bank of India indicated that the institutional investors were unwilling to make large scale commitments before the budget.

"Even a bit of disappointment could prepare the ground for long-term downtrend in the market," said BSE trader Hiten Shah.

With low volume the share prices moved disproportionately on low liquidity scarring the small investors further away.

The market activities had further slowed down with the presentation of the Union railway budget on February 25.

A four per cent straight hike in freight rates may lead to further inflationary pressure, analysts believe.

The foreign exchange mar-

ket was stirred up with the federal government presenting the Economic Survey.

The fiscal deficit, the slowdown in the industrial growth rate and the pressure on reserves due to declining exports forced a depreciation in Indian rupee against a US dollar.

In two trading days after the presentation of the survey, the rupee eroded by 20 paise. On the last trading day of the week the rupee was quoted at Rs 42.62 against the US dollar.

The forex dealers say the rupee was unlikely to look up in short term unless the budget triggers off a large scale inflow of fresh foreign funds.

The forex brokers have been in a bit of a distress as most banks dealing in foreign currency were expected to announce a brokerage cut by March.

Even as the general sentiments in the stock markets were down, the gold prices moved upward with fresh local demand. Silver too was strong on strong overseas advice.

According to a dealer, standard gold rose by Rs 20 to Rs 4370 from its last close Rs 4350 while the 22 carat gold was quoted Rs 15 higher at Rs 4040. Silver too improved by Rs 10 on the last trading day of the week, the trader said.

— India Abroad News Service