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Trade minister optimistic about a turnaround Indian exports bank on agri output, global recovery

BOMBAY, Apr 2: Improved global demand and higher domestic agricultural output were likely to boost Indian exports in the current financial year, analysts said today, reports Reuters.

Commerce Minister Ramakrishna Hegde hopes for a turnaround in exports in the year to March 31, 2000, after growth slipped to close to zero last fiscal year against a targeted 20 per cent.

"The optimism in me sees brighter prospects for our exports compared to what has been happening over the last few years," he said on Wednesday while unveiling the export-import policy for the coming year.

Hegde said he hoped for 10 per cent growth but he refrained from setting a target after last year's dismal show.

Analysts share his vision of a turnaround.

"Cyclical factors such as global export volumes are approaching their recovery phase," an economist at a for-

ign bank told Reuters. Commodity prices are at their lowest levels in over a decade, but the pressure on pricing could ease next year, analysts said.

"For much of last year, global deflationary pressures severely demand conditions in 1999 should enable better pricing," said Vasan Shridharan, Treasury economist at Standard Chartered Bank.

Export growth will be able to realise better dollar earnings, he added.

Analysts said the new year will benefit from a lower base against which export growth will be measured and exports are technically poised for another boom cycle.

Export growth peaked in the middle of the decade, as shown in this table (Indian exports, per cent change from previous fiscal year):

1997/98	96/97	95/96	94/95	93/94	92/93	91/92	90/91
1.6	5.2	21.1	18.4	19.8	3.8	-1.5	9.2

The International Monetary Fund in December forecast world gross domestic product would be 2.2 per cent higher in 1999, maintaining the 2.2 per cent growth expected for 1998.

Asia's GDP would be up 4.3 per cent in 1999 as the region recovered from a financial crisis, said the IMF, which estimated a 2.6 per cent rise for 1998.

Sluggish industrial output not withstanding, strong growth in agriculture would lead Indian exports next year, analysts said.

"Agricultural growth has picked up very well this year, and it comprises 20 per cent of our export basket," said an economist with a leading foreign institutional brokerage.

Agricultural output is expected to rise three to four per cent in 1998/99 against a fall of 1.5 per cent the previous year.

Analysts said they hoped the composition of Indian exports, said to be at the lower end of the value-added chain, would become more technology-intensive after the exim policy revealed special import licences for the export of branded goods.

Any hopes that the government would hint at a weaker currency to boost exports were laid to rest when Hegde said he did not believe a rupee devaluation was the solution.

Exporters agreed with him. "For us even if the rupee depreciates, the export price in rupee terms gets adjusted," said Indrajit Deb, wholesale director of Williamson Financial Services Group, which also exports tea.

The Indian rupee has avoided the sharp and contagious depreciations suffered by Asian currencies over the past two years. But the rupee fell before the currency crisis and, if the 1990s are taken together, it has tended to keep pace with its Asian competitors.



A foreign exchange dealer calls an order over the phone under the electric price board which quoted "120.72 yen" against the US dollar at the foreign exchange market in Tokyo on Friday. The US dollar rose against Japanese yen in Tokyo. —AFP photo



Rokia A Rahman, President of Bangladesh Employers' Federation and Chairperson of Midas Mini Mart, opens a new restaurant, Garlic Touch, at Gulshan in the city yesterday. The owner of the restaurant, Rafeya Abedin, is also seen. The restaurant offers a 50 per cent discount on its items till the 10th of this month. — Star photo

WB, Russia to reach loan deal this month

MOSCOW, Apr 2: World Bank chief James Wolfensohn will come to Russia in the middle of April for talks on a new loan to Russia, officials said Friday, reports AP.

Wolfensohn and Prime Minister Yevgeny Primakov will settle final issues still blocking a loan deal. First Deputy Prime Minister Yuri Maslyukov said, according to the Interfax news agency.

Moscow hopes to obtain \$1.85 billion in World Bank loans to carry out various structural reforms. The loans were part of a \$22.6 billion international bailout package frozen in August when the government defaulted on some debts and devalued the rouble in response to turmoil in world markets.

Russia badly needs new loans to avoid defaulting on its massive foreign debt and to help it get out of one of the worst depressions ever suffered by an industrial nation.

Maslyukov met Friday with the World Bank's representative to Moscow, Michael Carter, and said afterwards that they sorted out most obstacles blocking a new loan, including problems Russia has in collecting taxes from its state monopolies, Interfax reported.

Russia this week convinced the International Monetary Fund to start working out a new loan, and an IMF team is scheduled to come to Moscow next Tuesday to finalise an agreement.

Hanoi, Jakarta agree to boost barter trade

HANOI, Vietnam, Apr 2: Vietnam and Indonesia have signed a memorandum of understanding to boost bilateral barter trade, local media reported Friday, says AP.

The agreement signed in Hanoi on Thursday by the Vietnamese Ministry of Trade and the Indonesian Chamber of Commerce and Industry allows Vietnam to export agricultural produce in return for fertilizer, consumer goods and telecommunications equipment, the official Vietnam News Agency reported.

Vietnam, not as badly ravaged by the regional economic crisis as Indonesia, saw its exports to Southeast Asian countries drop by more than 60 per cent last year.

The government has recently outlined a series of measures to boost exports, which recorded zero growth last year after boasting 25 per cent annual growth in the past ten years.

The measures include increasing barter trade with traditional markets in Asia and Eastern Europe and finding new markets.

Cut in import duty, lending rates seen helping Pak revival

KARACHI, Apr 2: A cut in import duties and a reduction in lending rates are part of a strategy to try to revive Pakistan's economy, trade analysts said here, reports Reuters.

But they said a major revival would not happen unless there was a restoration in investor confidence that inspires new industrial projects.

"Without (capital) investment, we hardly see a major recovery in the coming months," said Saqib Masood, a research analyst at brokers first capital ABN Amro Equities.

Pakistan last week cut its maximum custom duty on imports from 45 per cent to 35 per cent and reduced the duty categories from five to four-35 per cent, 25 per cent, 15 per cent and 10 per cent.

On Wednesday, Pakistan's five top banks said they had lowered their maximum lending rates and increased private sector credit to help boost the economic recovery.

Masood said investment was key to economic growth, which Pakistan has been lacking because of a high-profile fight between the government and private power producers over tariffs, and due to sanctions imposed for its nuclear tests last May.

"Investor confidence has to be restored to allow fresh flows of money into the economy," he said.

Masood said the duty cuts and lowering of interest rates were part of Prime Minister Nawaz Sharif's policy of supply-side economics.

"They were done to boost consumption and stimulate growth in the economy," he said.

Muhammad Ishaq Subhani, research head at the Karachi Chamber of Commerce and Industry, said the import duty cuts were made to adhere to conditions set by the international monetary fund and world trade organisation.

The duty cut comes ahead of an expected disbursement this month of a tranche from the IMF's credit programme, restored in January after the partial lifting of US-led economic sanctions.

Subhani said the duty cuts would increase legal imports by making it less profitable to smuggle.

Imports in the first eight

months of fiscal 1998/99 (July-June) fell 16.94 per cent from the same period a year earlier.

"Local industry will also benefit as the cost of imported raw materials will come down," he said.

But Subhani said despite the duty cuts, the domestic industrial sector was still protected because there were still higher duties on finished goods than on raw materials.

Subhani added the recovery still needed local industry to shift from low value-added industries like textile spinning towards greater value-added output, such as finished garments.

"Value addition and better capital and labour management are the key elements of an industrial revival," he said.

French treasurer claims Europe, US playing equal role in shouldering Asian trade

TOKYO, Apr 2: Europe and the United States are shouldering an equal burden by accepting exports from crisis-stricken East Asia, visiting French treasurer Jean Lemerre said here, reports AP.

Lemerre, visiting Tokyo after a trip to Beijing, told the agency he used meetings with monetary authorities in both countries "to show them that Europe is playing an equal role to the United States in East Asia's adjustment."

The question of "burden sharing" has been at the centre of sparring between the United States, which believes it has taken on a role of "importer of last resort", and the Europeans whom it accuses of not doing enough.

"In fact the scale of effort is comparable if you consider adjustment in ASEAN (the Association of Southeast Asian Nations), South Korea and Japan — 30 billion dollars for Europe and 27 billion dollars for the United States which represents about 0.3 per cent of GDP in both cases," said Lemerre.

The figures represent the change in Europe's and the US balance of payments with the southeast Asian nations in 1998. They show a slightly bigger contribution by Europe in accepting imports from the crisis-hit Asian nations.

A report by J P Morgan said the "swift trade and balance of payments adjustment from deficit to surplus has been the

key factor behind the financial and economic stabilisation of emerging Asia's three crisis economies (Indonesia, Korea and Thailand).

Indonesia enjoyed an estimated current account surplus of 3.6 billion dollars in 1998 compared to a deficit of 4.9 billion dollars in 1997 while South Korea had a surplus of 40.0 billion dollars compared

to a deficit of 8.2 billion dollars the year before. Thailand had a surplus of 14.2 billion dollars.

For 1999, the American Bank forecast a slight tapering off in the current account surpluses, with Indonesia's down to 2.1 billion dollars, South Korea's easing to 21.6 billion dollars and Thailand's falling to 11.4 billion dollars.

Dollar goes up, stocks end mixed in Tokyo

TOKYO, Apr 2: The US dollar rose against the yen Friday and a top official of Japan's Finance Ministry renewed pressure against the Japanese currency's rise. Japanese stocks turned mixed, reports AP.

The dollar bought 120.66 yen in the late afternoon, up 2.14 yen from late Thursday in Tokyo and also above its late New York level of 120.43 overnight.

The 225-issue Nikkei Stock Average shed 37.37 points, or 0.23 per cent, closing the week at 16,290.19 points. On Thursday, the average advanced 490.97 points, or 3.1 per cent.

In currency dealings, the dollar moved higher against the yen on good buying by US banks at around 120.50 yen, traders said.

The greenback's strength also derived from remarks by Haruhiko Kuroda, a senior official at Japan's Finance Ministry, who reiterated the ministry's stance that excessive yen strength is undesirable.

Kuroda, director-general of the ministry's international bureau, spoke to a small group of reporters without specifying an appropriate level for the currency.

A higher yen tends to make Japanese exports more expensive abroad, and thus less competitive, cutting into earnings of export-oriented Japanese companies. Japan is struggling to bail itself out of its worst recessions since World War II.

EU trade commissioner urges Asian states Don't jettison free trade

KUALA LUMPUR, Apr 2: A senior European envoy Friday urged Asian nations, still reeling from a debilitating economic crisis, not to jettison free trade and liberalisation in its efforts to recover, says AP.

"Asia can take off again, but this will crucially depend on the policies adopted by governments," said the European Union's Trade Commissioner Leon Brittan.

Brittan's comments came in a speech to businessmen and diplomats on the second day of a four-day visit to drum up support for a new round of talks of the 134-member World Trade Organisation in Seattle in November.

While rich nations favour the talks to accelerate free trade, many developing countries worry that joining such talks may force them to liberalise their markets to the point of harming their domestic industries.

Malaysia, Indonesia, India, Pakistan and Egypt are among the nations resisting the new trade negotiations with the EU describes as the "Millennium Round."

These are the countries Brittan is visiting in an attempt to woo them to the negotiating table. He leaves for Jakarta on Sunday and then travels to India and Pakistan. He will visit Cairo at a later date.

The strong economic growth which Malaysia has enjoyed in recent decades has been fueled by the growth of trade, foreign investment and the pursuit of outward-looking

policies," he said. He urged Malaysia to open its markets further to attract foreign investments as developing the domestic market alone could not sustain economic growth.

"I believe you can't recover growth rates that you've had in the past just by internal development. You can only get it through attracting investment, through exporting as well," he said.

On Friday, he met with In-

ternational Trade Minister Rafidah Aziz and Junior Finance Minister Mustafa Mohamed. His meeting with Prime Minister Mahathir Mohamad was cancelled because the 73-year-old leader had been advised to rest after a tiring pilgrimage to Mecca, Saudi Arabia.

Since the Asian currency and stock market turmoil, many Asian policy-makers have become wary of free-market policies.

Tk 495cr loans okayed for this fiscal Proshika creates jobs for 7.5 lakh people

Proshika, a leading NGO of the country has provided jobs to over 7.5 lakh unemployed people and allocated loans worth Tk 495 crore for the current fiscal year under its employment and income generation (EIG) activities, reports BSS.

The organisation which stepped into the fourth year of its five-year programme beginning July 1994, has approved an annual budget allocation of over Tk 535 crore for 1998-99 against that of Tk 400 crore of the previous fiscal.

With the current year's achievement, Proshika since the inception of its EIG programme, launched income-generation projects for over 15

lakh people across the country. During the current year, the organisation will implement 42,270 projects like agro-farming, redemption of mortgaged land, livestock raising, apiculture, rice husking, cottage industry, handicraft, small business, transportation, fisheries and weaving through its organised group members.

The other head-wise major budget allocation of Proshika included Tk 19.04 crore for education, Tk 6.19 crore for health and infrastructure building, Tk 1.93 crore for social forestry, Tk 2.50 crore for assistance to other organisations, Tk 7.56 crore for training and Tk 36.86 crore for programme operating and administrative costs.

Yahoo! to acquire Broadcast.com

NEW YORK, Apr 2: Yahoo! Inc has agreed to acquire Broadcast.com Inc for \$5.6 billion in stock, according to a person familiar with the deal, adding the Internet's leading supplier of radio and video programmes to Yahoo!'s growing array of services, reports AP.

The transaction, which will be announced Thursday, puts Yahoo! in a solid position to take advantage of the high-speed future of the Internet.

Broadcast.com is perhaps best known for its Web broadcasts of John Glenn's second launch into space and the Victoria's Secret fashion show. The acquisition "really positions Yahoo! to play a defining role as we see the rise of audio and video content on the Web," said Paul Noglow, a San Francisco-based analyst with Hambrecht and Quist.

BP Amoco to take over Arco

LOS ANGELES, Apr 2: With rock-bottom oil prices and mergers by rivals threatening his company last year, Arco chairman and chief executive Mike Bowlin launched a quiet search for a merger partner.

After unsuccessful overtures to smaller and comparably sized companies that Arco could acquire, Bowlin changed direction. In January, he picked up the telephone and called BP Amoco, a huge multinational big enough to swallow Arco whole and give shareholders a significant premium in the process.

The fate of Atlantic Richfield Co. was revealed Thursday when the two companies announced that BP Amoco acquire Arco in a \$25.6 billion stock deal that will create the world's second-largest oil company. The deal, expected to save the combined companies about \$1 billion a year, would be the

Global merger mania continues

Deutsche Telekom with the liberalization of Germany's telecommunications market.

Mannesmann Arcor, a subsidiary of industrial conglomerate Mannesmann AG, will take over o. tel.'s customer base, trade name and 2,800 employees.

Under the deal, News Corp. would take control of Fox-Liberty, which includes Los Angeles-based Fox Sports West and Fox Sports West 2, and interests in more than 15 other regional sports channels, as well as in cable networks including Speedvision, Outdoor Life Network and the Golf Channel.

Liberty would also sell Murdoch's 40 per cent stake in the Staples Center under construction in downtown Los Angeles, as well as its share of the partnership's 40 per cent interests in the New York Knicks basketball team, the New York Rangers hockey team, Madison Square Garden and Radio City Music hall.

Mannesmann buys rival o. tel. o

DUESSELDORF (Germany): Telecommunications concern Mannesmann Arcor has bought competitor o. tel. o, a move that gives it 50 per cent of the German market, the companies announced late Thursday.

Mannesmann Arcor paid 2.25 billion marks (\$1.3 billion/1.2 billion euros) for o. tel. o, which was jointly owned by German utilities RWE and Veba.

The deal is pending approval from company management boards and government regulatory agencies. In the past year, o. tel. o has lost about 2 billion marks (\$1.3 billion/1.2 billion euros). It was one of several companies launched after Jan. 1, 1998, to compete with former monopoly

Murdoch to buy out John Malone

LOS ANGELES: Media mogul Rupert Murdoch has agreed to buy out his sports partner John Malone, expanding Murdoch's control of regional cable networks and expanding his stake in two New York professional sports teams, the Los Angeles Times reported.

Malone will sell his 50 per cent interest in Fox-Liberty Networks, the partnership he formed with Murdoch in 1995,

BNP ready for talks with Societe Generale

PARIS: French banking group Banque Nationale de Paris said Friday it is open to discussions with rival banks Societe Generale and Paribas, which it is attempting to buy.

"We are open to dialogue," BNP Chairman Michel Peberere said in an interview with the French daily Le Figaro. "Each party must be able to express itself."

Societe Generale and Paribas have repeatedly pledged to fight a hostile takeover attempt by BNP despite regulatory approval for BNP's \$37 billion bid.

The three-way merger put forward by BNP would create a \$1 trillion, world-leading banking group. It comes as European banks are joining forces to better compete in a market transformed by the region's new common currency, the euro. —AP reports.

Technohaven signs franchise deal with AMA-CLC

The AMA Computer Learning Centre Inc of the Philippines and the Technohaven Co. of Bangladesh signed a franchise agreement Wednesday for providing computer education, says a press release issued yesterday.

The agreement paves the way for formation of the AMA-Technohaven Computer Learning Centres, which will use the unique AMA system, course programmes and methodologies.

The agreement exclusively grants Technohaven Co. the leading systems integration firm in Bangladesh, the right to establish, develop and operate AMA-Technohaven Centres that will operate the computer-based technical and vocational degree programmes and short-term training courses for a period of ten years.

Habibullah Karim, President of Technohaven Co., expects that "the AMA-Technohaven joint venture will bring a dynamic synergy for the development of a stronger computer education programme in Bangladesh. The internationally recognised AMA system will broaden and supplement the current strength of Technohaven on UNIX training."

The ISO 9001 certified programmes of AMA-CLC are recognised and accredited by the American League of Colleges and Universities (ALOCU) and the National Computing Centre of the United Kingdom (NCC-UK), as well as by appropriate government and accreditation offices in the Philippines.

AMA is also an Authorised Training Centre of the Lucent Technologies (formerly AT&T), a member of the California Accredited Schools Association, and an accredited training institution of the Association of Business Executives (ABE) of the United Kingdom.

Technohaven is one of the largest software houses in Bangladesh.

Hitachi to cut 6,500 jobs

TOKYO, Apr 2: Hitachi Ltd. Japan's largest machinery maker, plans to cut 6,500 workers by March 2000 as part of a major plan to reduce costs, the company said Friday, reports AP.

The labour cuts, to affect about one per cent of Hitachi's 67,000-member workforce, will be achieved through attrition, an early retirement programme, and the transfer of some 4,000 employees to a home electronics unit created Thursday as a spinoff from the parent company, said Hitachi spokesman Takeshi Okamoto.