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Oil prices hit 14-month high

LONDON, Apr 23: Brent North Sea crude oil opened Friday at the highest level since January 1998, attributed to an overnight rise in US demand, reports AFP.

Brent for June delivery was being traded at 16.07 dollars a barrel on the International Petroleum Exchange, from an opening price of 16.13 dollars.

Analysts said the gains followed a rise in demand from the United States overnight and continued relief at a decision last month by the world's leading oil producing states to sharply reduce output.

Petroleum desk manager at Salomon Smith Barney trading house, Peter Gignoux said: "The wind has turned. The mood of the market has changed."

There has been a gradual revival of sentiment on the oil market since March 23, when the world's leading oil producers agreed to cut oil production sharply.

OPEC said it would reduce production by 1.7 million barrels a day as part of a concerted drive to reduce global output by 2.1 million barrels per day and thereby shore up prices.

Prices have also gained from the NATO bombardment of Yugoslavia, which has hit the country's oil reserves.

Taiwan plans sweeping tariff cuts

TAIPEI, Apr 23: Taiwan plans sweeping tariff cuts — with duties for farm produce expected to drop from an average of 20 per cent to 12.6 per cent over five years — as part of its bid to enter the World Trade Organization, officials said Friday, reports AP.

The average tariff rate for 8,100 agricultural and industrial items will fall from the current 8.25 per cent to 7.55 per cent in the first year following Taiwan's entry into the trade body, the Finance Ministry said.

With China having made major concessions to smooth its entry into the WTO, Taiwan could be admitted by the end of the year, said Liu Rong-chu, a Finance Ministry official in charge of tariffs.

Taiwan applied to join the body that makes rules on global trade in 1990. China, which claims sovereignty over Taiwan, agreed that Taiwan should be part of the WTO as an economy — not as a nation, Beijing also says Taiwan should not be admitted before China.

Taiwan has completed bilateral negotiations with all 26 WTO member countries that demand such talks, after conceding wider foreign access to its markets.

The tariff reductions could cost Taiwan 2.4 billion dollars (US \$ 680 million) in revenues next year alone, Liu said.

The Taiwan government has earmarked 86.9 billion Taiwan dollars (US \$ 2.6 billion) for a fund to help hog, rice and poultry farmers, among others, adjust to Taiwan's entry into the WTO.

British economy grows by 0.1pc

LONDON, Apr 23: The British economy grew by just 0.1 per cent in the first quarter of 1999, when gross domestic product (GDP) increased by 0.7 per cent compared with the first quarter of 1998, official figures showed on Friday, reports AFP.

The quarterly growth rate was unchanged from the last quarter of 1998.

The Office for National Statistics (ONS) said that the last time growth was lower than this was in the recession of 1992.

The figures were in line with market forecasts. Economists had expected the growth rate to rise by 0.1 per cent from the previous quarter and for GDP to show a 0.7 per cent rise on a 12-month comparison.

The service sector grew by 0.4 per cent in the first quarter, and 2.3 per cent on a 12-month basis.

Thai exports drop 3.8pc

BANGKOK, Apr 23: Thai exports slid 3.8 per cent in dollar terms in the first quarter of this year to a level well below government targets, a Finance Ministry statement said Friday, reports AFP.

Exports from January to March reached 13.1 billion dollars — a drop of 522 million dollars or 3.8 per cent compared to the same period in 1998, the statement said.

The monthly figure for March also fell, by 1.4 per cent or 69 million dollars to 4.8 billion dollars.

Thailand's government has set a target of four per cent growth over the year in a bid to achieve growth in gross domestic product (GDP) of one per cent following the country's deepest-ever recession.

Four per cent export growth would take total exports to 56.6 billion dollars compared to 54.5 billion dollars last year.

Imports in the first three months totalled 11.4 billion dollars, 5.8 per cent up on the same period last year at 626 million dollars.

The trade surplus for the first quarter was 1.7 billion dollars — a down from 2.9 billion dollars last year.

Move seen luring overseas investment in a bigger way

Bangladesh launches Industrial Development Bond in Britain

LONDON, Apr 23: Bangladesh has launched Industrial Development Bond in Britain aiming to attract investment from abroad with a call for expatriates and foreign entrepreneurs to put their money in rewarding business in the country, reports UNB.

Finance Minister Shah AMS Kibria, making a stopover in the British capital on Thursday on his way home from the Paris Consortium meet, launched the bond of taka and dollar denominations.

"The move is geared to spurring economic progress in Bangladesh by attracting overseas investment," said the minister elaborating the objective of the launching of the Industrial Development Bond abroad before a select audience of British and expatriate Bangladesh entrepreneurs and newsmen.

He held out the assurance to expatriate Bangladeshis intending to invest their financial resources back home that pound sterling denomination bonds would soon follow.

The industrial bonds, said the minister, would entail 8.6 per cent interest. Made out for a five-year period, the bonds will be guaranteed by the government, which is one important

way of convincing entrepreneurs that their savings will be secure.

As a further incentive, the finance minister said investors have the option of withdrawing the interests on their savings every six months. The industrial bonds will be both income tax and wealth tax-free.

Kibria told his audience that in the operation of the system in Britain, the Bangladesh government would fully ensure that all the relevant British fiscal laws and regulations as stipulated by the Financial Services Authority (FSA) are complied with.

The finance minister dwelt at considerable length on the problems relating to the operations of Sonali Bank in the United Kingdom. "The Bangladesh government is determined to keep Sonali Bank alive and active in Britain, for which a task force has been constituted," he said.

Various options regarding the future of the bank were being studied. The possibility of a large-scale transformation of Sonali Bank with a view to meeting the needs of Bangladeshi expatriates in Britain was under active consideration of the government, the minister added.

Summing up his observations, the finance minister asked everyone to take due note of the excellent investment climate in Bangladesh. "The government," he said, "is pledge-bound to ensure economic security and political well-being of the nation."

Apprising the Londoners of the outcome of the April 19-20 aid club meeting in Paris, Kibria said the country's requirement for an aid package to the tune of \$2.04 billion had been described as realistic by the donors at the Bangladesh Development Forum parleys.

"The support of the donors for Bangladesh's ongoing development programmes has significantly contributed to a surge in confidence of the nation as a whole," he told his business audience.

Sketching a picture of the financial crisis that has lately coursed through much of Asia, Kibria said Bangladesh demonstrated clearly that it could be an exception to the rules which sometimes play havoc with national economies.

"We are stable, our economy is development-oriented, the inflation is low and the growth rate over the last two years has been encouraging."

The finance minister pointed out to the entrepreneurs that there was widespread recognition among people abroad that Bangladesh's position at present was the most stable in terms of macroeconomy.

Despite all the doomsday forecasts made in the wake of last year's deluge, he said, the government had come clear through the crisis and had convincingly defied the wild predictions of chaos that had been made at the time of the floods.

Referring to the existing economic climate in Bangladesh, Kibria noted with happiness that foreign investment had begun to come into the country in a significant way.

At the meeting of the Bangladesh Investors Forum in Paris, stated the minister, meaningful discussions took place regarding the major areas in which the pace of investment could be accelerated.

Kibria asked his audience to observe and analyse the prevailing conditions in Bangladesh today. "There was an all-round momentum towards an expansion, based on overall liberalisation, of the economy."

BRDB plans Bittahen Bank

Bangladesh Rural Development Board (BRDB) will set up a micro-finance institution, Bittahen Bank, for permanent and effective loan operation and savings of the poor cooperators, reports UNB.

The bank will be set up under the Rural Livelihood Project (RLP) of BRDB giving special emphasis on social and economic uplift of the rural poor women.

The first Bittahen Bank will be set up at Rajshahi on experimental basis and gradually be expanded throughout the project area across the country, BRDB sources said.

Under the five-year RLP project, BRDB will disburse Tk

180 crore as micro-credit among 25 lakh people of the country.

The estimated cost of the 5-year project is Tk 368 crore with the financial assistance from the Asian Development Bank (ADB) and Bangladesh government.

BRDB has already started its function for the development of the rural poor in 152 selected thanas of the country.

However, the projected credit fund of the RLP project is Tk 100 crore which will be used as revolving credit fund. This fund is expected to create a sustainable loan fund of Tk 1,200 to Tk 1,400 crore.

Revolving loan fund will be

ensured throughout the year that are managed and disbursed by the project personnel at the thana level.

The beneficiaries will get loan quickly and enable them to utilise and repay loan in proper time.

Apart from organisation and credit operation, about five lakh rural poor cooperators will be provided with human and skill development training to facilitate their income generating activities and micro-credit operation, the sources added.

Over than 30 lakh rural poor families are expected to be benefited on successful implementation of the project.

PepsiCo profit falls 11.7pc in 3 months

NEW YORK, Apr 23: PepsiCo Inc's profit fell 11.7 per cent in the first quarter due to a charge for snack food plant closings, but its operating earnings climbed on strong revenue growth, reports AP.

The company responsible for beverages like Pepsi, Mountain Dew and Tropicana juice and snacks like Tostitos and Lay's potato chips beat analysts' expectations with the operating results announced Thursday.

But after moving higher early in the day, PepsiCo's stock price reversed course, falling 5.1 per cent, or by \$2 a share, to \$36.93 3/4 on the New York Stock Exchange.

Analysts blamed the stock's setback on an unexpected disclosure in a midday conference call that PepsiCo planned to spend \$70 million to \$75 million this year to make the information technology system of its various operations compatible.

Chief financial officer Mike White also told analysts that he was comfortable with expectations of full year-earnings of \$1.20 to \$1.24 a share before the technology spending and other one-time items.

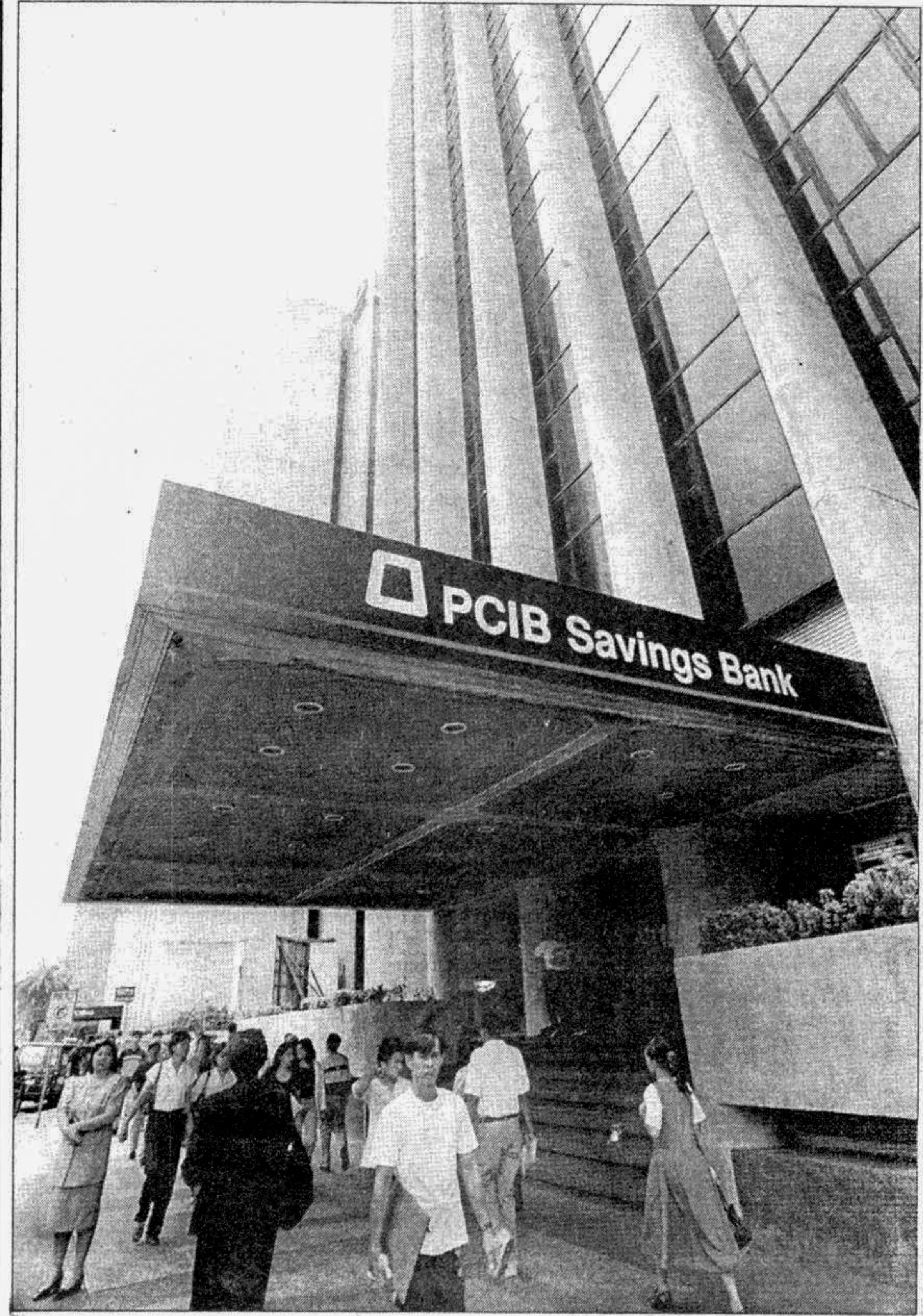
Marc Cohen, beverage analyst at Goldman Sachs, said the earnings comment also disappointed some analysts.

The Purchase, New York-based conglomerate reported net income of \$333 million, or 22 cents a share, in the three months ended March 20, down from \$377 million, or 24 cents a share, a year earlier.

Revenue rose 17.5 per cent to \$5.11 billion from \$4.35.

Roger Enrico, PepsiCo's chairman and chief executive, said the double-digit growth in operating profit reflected marked improvements in all of its operating businesses.

Frito-Lay North America's operating profit surged 12 per cent on a 7 per cent increase in sales.



Passers-by walk past the headquarters of the Philippine Commercial International Bank (PCIB) located in the suburban Makati City yesterday. Two majority shareholders of the country's fifth largest bank are disposing their combined 72 per cent interest by way of negotiated sale or through an auction. The sale of PCIBank could raise at least 20 billion pesos (\$24 million USD) which could make it the biggest deal in Philippine banking history. — AFP photo

PC fans flock to city Intel fair

Star Business Report

Hundreds of computer enthusiasts are thronging the three-day Intel PC fair at Hotel Sheraton everyday to see the newly-released PCs based on Pentium-3 processors.

The fair, organised by Intel, is aimed at promoting different categories of Pentium processors and especially the Pentium-3 processor series which starts with a mind-ripping speed of 450 MHz.

Fair organisers said that only ten selected dealers out of a total of 49 Intel dealers across the country were participating in the fair.

"Sale has been good so far. And peoples' zeal about Intel-based computers seems remarkable," said Mustafizur Rahman, a representative of the fair organiser.

The prime attraction of the fair is the 450 MHz Pentium-3 PC with a price tag of Tk 63,000. "Pentium-3 is better powered to handle high speed 3D games, Internet and graphics-based tasks," said Tanvir Ehsanul Haque, a representative of an Intel dealer.

Pentium-3 was released worldwide only recently.

Young people, especially students, appeared to be more enthusiastic about its performance rating. Computer vendors were found busy in explaining matters related to Pentium-3 performance to their customers.

At the same time, people are flocking to the fair with an expectation to find PCs at a cut price. The lowest-priced PC at the fair was based on Pentium MMX 200 MHz processor and costs around Tk 23,000. But buyers' preference mostly bent on the Pentium 2 or Celeron-based PCs. Fair organisers said that on the very first day, the vendors sold 26 PCs.

"This is a new trend in PC marketing in Bangladesh where global computer leaders are taking a promotional role," said a vendor.

Dissatisfied with the crowded fair arrangement, a visitor commented that it should have been organised in a spacious place.

Intel would be organising such fairs three times a year to regularly promote its latest product lines.

Microsoft profit jumps 43 pc

SEATTLE, Apr 23: Microsoft Corp's quarterly profit jumped 43 per cent from a year earlier on strength across its range of products, particularly its Office business software and Windows NT software for running corporate computers, reports AP.

Microsoft reported Tuesday it earned \$1.92 billion, or 35 cents a share in its fiscal third quarter, which ended March 31. That was up from a profit of \$1.34 billion, or 25 cents a share, in the year-ago quarter.

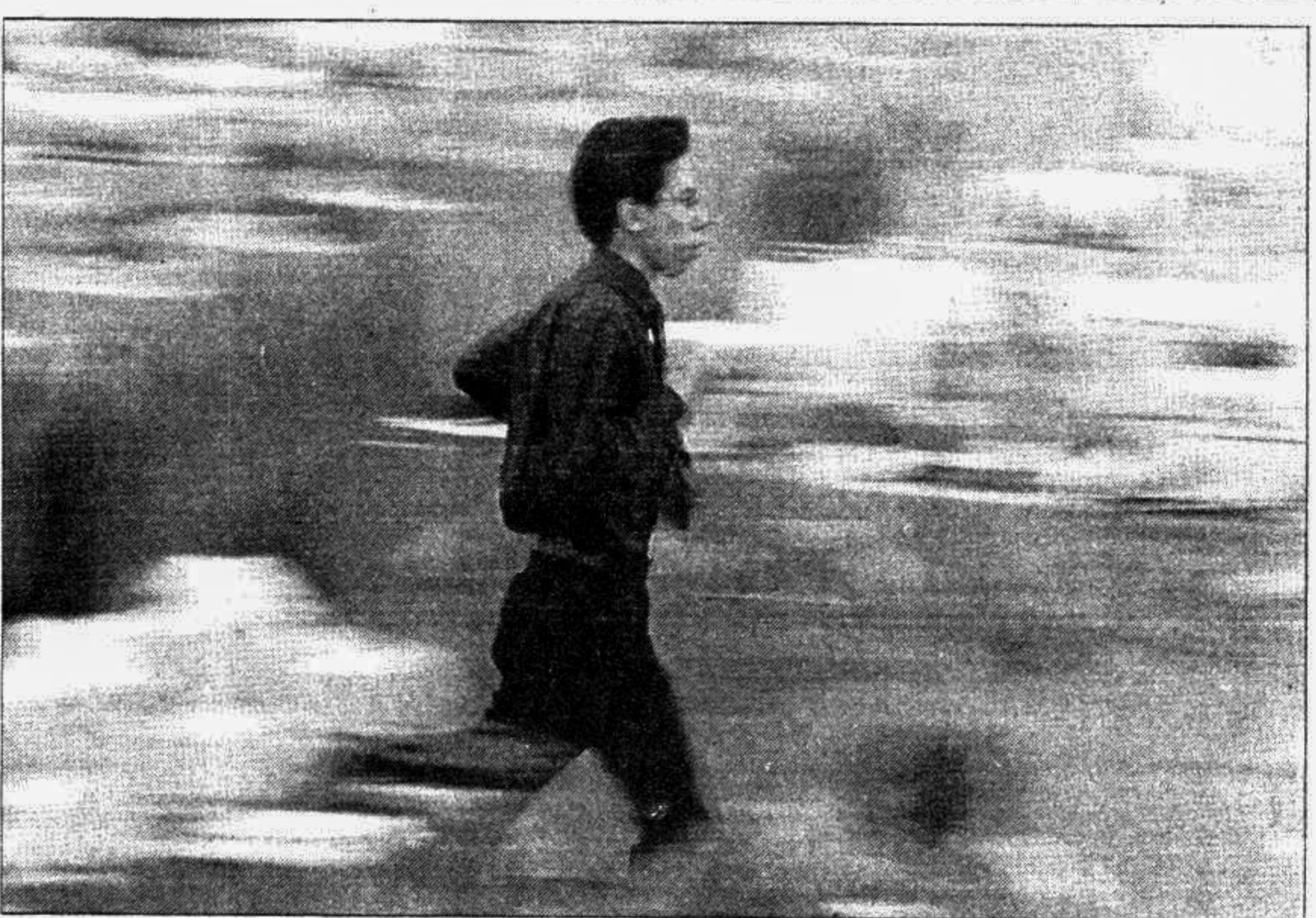
Revenue rose to \$ 4.33 billion from \$ 3.77 billion.

The per-share profit beat the predictions of analysts, surveyed by First Call Corp., who expected 32 cents a share.

The financial results were released at the close of financial markets, where Microsoft stock rose \$ 2.12 1/2 a share at \$ 83.121/2 on the Nasdaq Stock Market amid a strong rebound from Monday's sell-off of technology and Internet stocks. In after hours trading, shares of Microsoft were trading at \$ 81.75.

Not included in the third-quarter results is \$ 400-million in revenue from early sales of Microsoft's new Office 2000 package of business software, which Microsoft said it would defer into the current quarter. The product starts retail sales on June 10.

Microsoft, which has no debt, also reported a whopping \$ 21.76 billion in cash



A trader runs across the floor of the Hong Kong Stock Exchange during trading yesterday. Stock prices shot up quickly beyond the 13,000-mark in morning trading but profit-taking in the afternoon with the key Hang Seng index finishing the week at 12,905.30 on a turnover of 14,713 billion Hong Kong dollars (1.9 billion US). — AFP photo

Obuchi-Clinton summit on May 3

US wants Japan to prove progress in deregulation

TOKYO, Apr 23: Japan must prove it is making progress in deregulation when Premier Keizo Obuchi meets with US President Bill Clinton for summit talks, a senior US trade official said Friday, reports AFP.

"Clearly, we're urging Japan to alter course. But only its hands are on the tiller," said Robert Mallett, US deputy commerce secretary.

"The president is looking forward to the prime minister's visit. And we do want a successful visit," said Mallett, dubbed "Mr Deregulation."

Japan's Obuchi is expected to come under pressure to announce new initiatives to revive the world's second largest economy when he meets Clinton in Washington on May 3 for summit talks.

"It is now becoming clear to Japan that it needs to take even stronger action."

"You simply cannot have a macro economic reform without addressing more dominant issues, deregulation and trade liberalisation," Mallett told the Foreign Correspondents' Club

of Japan.

He said slashing Japan's growing trade surplus, which was rising by more than a billion dollars a week, "ought to be part of the national debate."

In March Japan's trade surplus with the United States jumped 29.1 per cent to 570.3 billion yen (4.8 billion dollars).

Washington has long been pushing for deregulation steps from Tokyo. Senior officials from both sides met here in March for the latest round of talks to wrestle out an agreement.

Last November the two sides agreed to draw up a joint report on deregulatory measures in the two countries by the end of this month.

Japan should "take even stronger action," Mallett said.

"The size of our bilateral deficit leaves us no choice but to press Japan as much as we do, regardless of Japan's economic conditions."

"Deregulation will involve some pain. There will be economic disruption. The pain will be accompanied by new compe-

tion where new jobs are created."

"We can't be paralysed by a fear that we may offend," he said.

Deregulation discussions have centered on structural issues in Japan, Japanese competition policy and the transparency of Japanese practices, distribution and legal services.

The Japanese side has also presented its demands to the United States for deregulation in 50 areas including watches, cars, steel and cameras.

Noting that a strong US economy needs a strong competitor, such as Japan, Mallett urged Japan to repair its economy which is struggling to pull itself out of its worst post-war recession.

A Japanese recovery could lift the rest of Asia back to growth, he said.

"As Asia's dominant economic and trading power, Japan should be the engine of Asian economic recovery," Mallett said. "Without a growing trade deficit, we want a strong Japan."

Australia praises Japanese role in easing Asian crisis

TOKYO, Apr 23: Japan hasn't gotten the credit it deserves for helping ease the pain of the Asian economic crisis, Australia's top foreign policy official said Friday, reports AP.

Australian Minister for Foreign Affairs Alexander Downer said Tokyo has played a crucial role helping its neighbours cope with the regional downturn by providing financial aid.

He also said his country and Japan have stepped up their dialogue over the deteriorating situation in East Timor.

Downer, who arrived Wednesday for a four-day visit, met Japanese Prime Minister Keizo Obuchi and Foreign Minister Masahiko Komuro.

In a speech to the National Press Club of Japan, he said Australia and Japan were working closely to coordinate their response to the Asian crisis.

"The very generous support Japan has given to the region has been very important to the region," he said. "I don't think Japan has gotten anywhere near enough credit."

Downer noted Australia and Japan were the only two major donor countries to contribute to each of the International Monetary Fund packages for Indonesia, South Korea and Thailand — some of the hardest hit nations.

'Social impact of Asian crisis underestimated'

MANILA, Apr 23: The Asian financial crisis has produced consequences that cut a swathe through all sectors of society and are beyond what broad economic indicators can measure, the Asian Development Bank says, reports AFP.

The Asian financial crisis is causing turmoil throughout the affected economies in such areas as employment, prices, human development, poverty and social capital," the bank said in its annual Asian Development Outlook report.

The poor and "vulnerable groups," including children, women and migrant workers are the ones most at risk, as well as the middle- and lower-middle income families whose earnings are often not enough to meet basic needs.

While unemployment rates in the Philippines, Thailand, South Korea and Indonesia have risen since the onslaught of the crisis in mid-1997, "these figures probably underestimate

the true extent of the problem."

With the number of underemployed — or those with jobs but are not adequately compensated — also rising, household spending on crucial areas such as health and nutrition, education and family planning have fallen.

This in turn adds pressure on social services, already hounded by budget cuts at a time when there are "massive shifts" of clients from the private sector.

Private hospitals in Malaysia for instance have reported a 50 per cent drop of patients seeking treatment. In Indonesia, many are shifting to traditional healers and self-medication, the bank said.

Higher drug prices as a result of the crisis has adversely affected the treatment of AIDS patients in Thailand, where about 100,000 people are suffering from the deadly disease and about 800,000 others infected by the virus that causes it.

Rising contraceptive costs have forced large numbers of women to drop out of family planning programmes, which could result in a rise in the birth rate the number of abortions.

The crisis is setting back the spectacular strides made in the fight against poverty during the last two decades.

It said Indonesia's poverty incidence is expected to rise to 14 per cent this year while Thailand's had climbed to 7.6 per cent last year, calling for "urgent policy attention."

With incomes falling and unemployment rising, marginalised groups often turn against the environment in their attempts to find alternative ways of earning money.

The devaluation of the Thailand currency for example provided a stimulus agricultural exports and expansion of shrimp farming, leading to "destruction of wet lands and increased salinity of rice lands."