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DHAKA, SATURDAY, MAY 1, 1999

Two-day ICCB workshop starts tomorrow

The International Chamber of Commerce (ICC)-Bangladesh will organise a two-day workshop on 'International Standby Practices for Documentary Credits and Arbitration' in the city on Monday.

It will be inaugurated by Commerce and Industries Minister Tofiqul Ahmed, says a press release.

The workshop will be conducted by Reinhard Langerich, a banker of international repute and Louise Barrington, an international expert on arbitration.

Langerich who himself had worked with different global institutions including the International Chamber of Commerce in formulating various instruments for banking transactions, is currently the vice-president of one of the largest European banks, the Jysbank, Denmark. He has also been working with the United Nations Documentary Credit Project team for several years.

Barrington, director and chief executive officer at the ICC Asia Regional Office in Hong Kong, has been conducting several seminars and workshops on Arbitration and Dispute Resolution tools in the Asia and the Pacific region.

Several senior executives from banks, insurance companies, garments industries and various other trading organisations will participate in the workshop.

It will have separate working sessions on different topics namely documentary credits, international standby practices, bank-to-bank reimbursement, collections and arbitration.

It may be mentioned that the International Standby Practices (ISP 98) came into force from the first of January this year.

The ICC-Bangladesh which always organises such events to keep the professionals in financial sector updated with modern tools and techniques will also organise a one-day workshop on the same theme in Chittagong on May 6. It is the first time that such workshop is taking place in the port city.

17-member body for textile sector development formed

A 17-member sub-committee in coordination with the representatives from concerned sectors of textiles has been formed to make a joint proposal for policy support for the development of textile sector, a BGMEA press release said Thursday, says BSS.

It said the sub-committee would identify the problems in the textile sector and make recommendations for their solution. The committee would also suggest development of the sector considering the international competitive market.

Presided over by BGMEA President Anisur Rahman Sinha, the meeting held here Thursday was attended, among others, by Salman F Rahman, Manjurul Haq and Shafiqul Islam.

Unemployment in Japan hits record high

TOKYO, Apr 30: Japan's jobless rate shot up to yet another record high of 4.8 per cent last month, as corporate restructuring efforts force more people out of work, the government said Friday, reports AP.

The latest figure sets a new record after the jobless rate hit an all-time high of 4.6 per cent in February.

Those out of work reached a record 3.39 million, while those employed fell by 840,000 from a year earlier to 63.84 million the 14th straight month of declines.

Jobs remain scarce and the situation is unlikely to improve soon, an official with the Management and Coordination Agency told reporters.

The jobless data are likely to heighten pessimism about the nation's economy, which could further hurt chances for a turnaround as worried consumers curtail spending.

Government officials say lackluster consumer spending is a major reason the Japanese economy has not been able to rescue itself.

Tug of war with Forest Dept BIWTC's tourism venture to Sundarbans hits snags

By Quazi Amanullah

KHULNA, April 30: A tug of war between the Bangladesh Inland Water Transport Corporation (BIWTC) and the Forest Department has put the corporation's new tourist service venture between the Mongla and Heron Point in uncertainty.

BIWTC launched its vessel, MV Kajal, on the Mongla-Heron Point route carrying tourists to the Sundarbans on February 8.

But the 220-passenger capacity luxurious vessel has now become a bone of contention between the BIWTC and the Forest Department.

The Forest Department contends that BIWTC must obtain

its prior permission for its sally on the route. But BIWTC says river routes do not belong to the Forest Department and so, the question of obtaining permission does not arise at all.

The tourist vessel has not yet been given permission to moor at the Heron Point jetty and the Forest Department is yet to allow tourists to get down there. As a result, the vessel has to anchor in the mid-river, at least 59 nautical miles from the Mongla Port.

According to a reliable source, BIWTC has incurred a loss of Tk three lakh since the launching of the tourist trans-

port operation till March 8. It earned Taka 1,76,300 from the tourist service on the Mongla-Heron Point route. A total of 317 tourists travelled till March 8.

But the corporation had to spend over Taka three lakh to buy fuel during the period for MV Kajal, which needs 2,500 litres of diesel per trip. Besides, 30 tons of drinking water had to be purchased at the rate of Tk 60 per ton. Over Tk 15,000 was also spent for maintaining a cultural troupe to entertain the tourists with songs and dances during the trips.

A BIWTC source said that at

least Taka five lakh was required every month to meet different expenses of the tourism service including salaries of the staff.

When contacted, the Divisional Forest Officer said that his department was not against the tourist services introduced by BIWTC and inaugurated by the State Minister.

"But I can not allow BIWTC to violate rules for sightseeing in the Sundarbans," he said.

However, a highly placed source of the local BIWTC office said that the Forest Department was creating unnecessary obstructions in tourist services.

IMF suggests urgent reforms ROK economy may plunge into further turmoil

SEOUL, Apr 30: South Korea's spectacular economic upturn may be illusory and the country could be plunged into further turmoil unless crucial reforms are urgently implemented, a top IMF official said, reports AP.

The economy has only just bottomed out it was in for a tough year in 2000, the International Monetary Fund's (IMF) representative here, John Dodsworth was reported saying in the Korea Herald daily today.

"The cause for Korea's liquidity crisis was the structural problems embedded in the local economy," he told a private meeting of diplomats amid signs of a faster-than-expected economic recovery.

"There is still much to be done in the financial and corporate sectors, and it is naive to think that one can tackle these problems in two or three years," he said in what the paper

dubbed a "gloomy" prognosis for the IMF's star pupil.

Dodsworth, whose comments came as experts warned the fragile economy could overheat as crucial economic reforms have not yet been fully implemented, warned of a growing fiscal deficit of up to 5.5 per cent this year from 4.0.

This would make it very difficult for the government to pursue its loose monetary and expansion-focused fiscal policies, which are aimed at reviving the economy, he said.

Dodsworth called on banks to adopt advanced loan management systems to put a stop to "reckless lending to the country's family-owned conglomerates," the paper said. Seoul has been waging a package of financial and corporate reforms aimed at overcoming the economic crisis which hit in December 1997, forcing it to go cap-in-hand to

the IMF for a 57-billion-dollar bailout.

But while President Kim Dae-Jung's reforms have resulted in fast-improving economic indicators, Dodsworth said more needed to be done.

He warned that if restructuring — aimed at slashing debts and slimming down overdiversified conglomerates, or chaebol — was not properly implemented, banks "may be plunged into trouble once again."

And as a wave of strikes hit South Korea to protest layoffs sparked by the restructuring drive, Dodsworth said the country must be more flexible about changing its work ethic. "Korean firms need to slim down their labour forces to increase competitiveness, and the recent move by employers to return to the previous lifetime job security system is a big mistake," he said.

Iran wants US to import its caviar, nuts

TEHRAN, Apr 30: Iran said a US decision to lift food and medicine sanctions did not signal a policy change towards Tehran and demanded an end to an import ban on Iranian caviar and nuts, the IRNA news agency reported today, says Reuters.

"The political position of Washington towards Tehran has not undergone any change," IRNA quoted Foreign Minister Kamal Kharrazi as telling Iranian television late on Thursday.

"The lifting of sanctions announced by America means that foodstuffs and medicine will be sold to Iran. This is a one-sided lifting of sanctions which only serves the interests of American companies," Kharrazi was quoted as saying.

"Restrictions on exports of Iranian foodstuffs such as caviar, pistachios and other Iranian foods should be lifted, so that the American people would have access to these goods in their country," Kharrazi added.



A Vietnamese soldier salutes as the Cambodian flag is hoisted by the poolside of a luxury hotel in Hanoi yesterday. Cambodia's flag was raised symbolizing its long-awaited admission into the Association of South East nations (ASEAN), as it joins the nine other nations in the regional grouping. —AFP photo

Ukraine trying to meet IMF gas sale target

KIEV, Apr 30: Ukraine will try to sell 300 million cubic metres of gas at an auction on May 13 to meet an IMF sale target under its \$2.2 billion loan programme, an official in charge of gas auctions said, reports Reuters.

First Deputy Economy Minister Anatoly Vrublevsky also told Reuters in an interview late on Thursday he was dissatisfied with auction volumes so far and wanted to discuss adjusting the focus of the sales with the International Monetary Fund.

Vrublevsky said 708 million cubic metres of gas for delivery in 1999 had been sold since auctions began last October, with a view to injecting cash into the sector, choked by a web of non-payments and barter, and providing transparent gas pricing.

In the IMF memorandum, there is an article requiring the sale of around one billion cubic metres (bcm) of gas by May 15," Vrublevsky said, adding the

auction committee intended to sell 20 bcm by the end of the year, five bcm of it for delivery in the first quarter of 2000.

"We are trying to attract big gas consumers, those who use more than 50 million cubic metres a month. We are trying to fulfil our promises and are to hold the auction on May 13 so as to be able to sell no less than 300 million cubic metres."

An IMF mission on Wednesday started a key review of its loan programme, which debt-laden Ukraine badly needs to stay on track.

Vrublevsky spoke after an auction at which 19.9 million cubic metres of domestic gas on offer was sold for a total 2.2 million hryvnias (\$560,000).

The gas sold at starting prices, averaging 112.54 hryvnias per thousand cubic metres, non-inclusive of transportation costs and value-added taxes, compared to around \$80

per thousand cubic metres which Vrublevsky said traders charge for imported gas.

But gas sold at the auctions must be paid for in cash, while many cash-strapped gas consumers can afford to pay for at most only a part of the gas they use, and that mostly in kind.

With few real sanctions implemented against those who do not pay, many consumers prefer to continue under the old system rather than pay in cash, even at a lower price, and buyers at the auctions are few.

"Many companies don't have the working capital even to be present at the auction... That's the main problem," Vrublevsky said. "I am not pleased with the indicators, of course... and I am actively following a policy of attracting buyers."

But Vrublevsky also said he had broached with the IMF the problem of supply outweighing demand at the auctions, even though he thought auction prices were in line with market.



A stock trader leaves an empty trading floor as the Tokyo Stock Exchange abolished floor trading to end its 120 years history yesterday. Hundreds of traders broke into an emotional applause as Japan closed for the last time the trading floor on the Tokyo Stock Exchange. Earlier Japan's share prices fell 240.71 points to close at 16,701.53 points. —AFP photo

Tokyo bourse bids bye to floor trading

TOKYO, Apr 30: During the late 1980s, the daily frenzy on the floor of the Tokyo Stock Exchange was a symbol of Japan's energetic economy, reports AP.

But recession has replaced boom. And on Friday, computers and cost-cutting put an end to the 120-year-old tradition of face-to-face trading on Asia's largest exchange.

The huge open floor of the Tokyo bourse was once crowded with more than 2,000 traders fighting for position as they used a complex sign language to buy and sell stocks.

On Friday, after the end of the trading day, it was the site of a closing ceremony replete with confetti and party noise-makers.

A dozen securities-industry veterans demonstrated what is soon to be a lost art — trading by hand signals with which millions of dollars worth of shares could be bought with the wave of a finger.

"We took a lot of pride in being the fastest with an order," said 68-year-old Miyoshi Maruyama, who was a floor trader for eight years, starting in 1951. "Now it's a competition between human brains and computers and computers make fewer mistakes."

Friday's ceremony marked the formal end of the antiquated system but the trading floor had long ago stopped being the centre of market activity.

Securities companies began switching to faster and more reliable electronic trading systems in the early 1980s, critics say.

By last year, any Japanese stock could be bought and sold electronically while fewer than 10 per cent could be traded directly on the floor. Only about 100 employees still worked there and floor trading accounted for a scant 0.2 per cent of Tokyo volume.

Trading floor veterans said the shift to computers was inevitable, especially because of the growing complexity of financial markets.

But many were also said to see the century-old tradition die.

"Before computers there was a feeling that the market was a living creature," said Toshiro Yoshida, a floor-trader for 35 years. "Now everyone is separated from the market and people don't even seem to notice if it's up or down."

S'pore industrial output up 6.5pc

SINGAPORE, Apr 30: Singapore's industrial output improved in the first quarter, but some key sectors remain weak and it may take time before business activity can ease unemployment, reports AP.

Minister for Trade and Industry Lee Yock Suan said strong growth in electronics and pharmaceuticals boosted Singapore's industrial output by 6.5 per cent from a year ago in the first three months of 1999.

"However, the construction, financial services and commerce sectors remain weak," he said at a gathering of industry associations.

Lee said trade figures for March indicated the deterioration experienced in the past 10 months may have bottomed out, and that the rate of re-trenchments had slowed down.

"Nevertheless, it would take time for the pick-up in business activity to ease the unemployment situation," Lee said.

Some 29,000 workers were retrenched in 1998, nearly three times more than in 1997.

While signs of recovery are emerging in Singapore and its neighbouring economies, the city-state had to contend with steeper competition and slower growth in the region which will make it difficult for us to return

to the high growth rates we have become accustomed to," he said.

"Even if Singapore were to achieve the higher end of private sector forecasts of two per cent growth this year, it would still be below our medium term growth potential of four to six per cent growth per annum," he added.

Lee urged industry associations to look beyond their own interests and to promote "productive engagement" among the private sector, government and the people.

Cooperation among these three sectors, he said, enabled Singapore to announce in November an aggressive cost-cutting package to help the economy rebound from recession and increase its competitiveness.

The Economic Development Board (EDB) meanwhile released manufacturing output figures for March showing a 6.2 per cent increase from the same month a year ago, led by electronics which rose 12.1 per cent.

"The increase in the output of computers and printers was due to higher demand from the US. As the oversupply in the semiconductor market receded, output of semiconductors had begun to ease," it said in a statement.

Wall Street almost ready for Y2K bug

NEW YORK, Apr 30: Wall Street is predicting the millennium weekend should pass by without any major computer crashes after an intensive test turned up few signs of the "Year 2000" software bug, an industry keeper said Thursday, reports Reuters.

The Securities Industry Association said investors can feel secure as New Year's Day approaches, with no need to ask for their physical stock certificates.

The SIA organised the test, the largest ever undertaken by Wall Street, simulating trades over six weekends among stock exchanges, clearing houses, and about 400 securities firms.

"The Y2K problem, short for Year 2000, threatens to crash computers on New Year's Day because of a programming defect may read January 1, 2000 as January 1, 1900."

"The Y2K-related issues were rare and quickly repaired," said SIA official Donald Kittell on Thursday. "The test... helped us detect problems or areas that needed further work while we

still have time to fix them."

The SIA said nearly all the trades went normally. Of the 260,000 simulated trades, only four had millennium problems. Other troubled trades, about 2.5 per cent, were hurt by data entry errors, miscommunications among firms, and other system problems.

Arthur Levitt, chairman of the US Securities and Exchange Commission, said the tests "show that the securities industry is in good shape."

The "Street-wide" test actually simulated the date rollover by fooling the computers into thinking each test day was a day near the millennium. On March 6, for example, computers acted as though it were December 29; on March 13, they thought it was December 30, and so on.

Japanese firm to pay \$6m fine for electrode price fixing

WASHINGTON, Apr 30: A Japanese company agreed Thursday to pay a \$6 million fine and plead guilty to participating in an international cartel that fixed the price of graphite electrodes sold here and abroad, the Justice Department announced, says AP.

The guilty plea from Tokai Carbon Co. Ltd. will be the third major plea and fine obtained by the department's antitrust division into the worldwide cartel that controlled graphite electrodes.

These large graphite electrodes provide the heat for steel mini-mills to melt scrap steel and refine it. A growing segment of the steel industry, mini-mills now account for one-third of this country's steel production.

Annual US sales of graphite electrodes have topped \$500 million and \$1.7 billion during the conspiracy which the Justice Department said lasted at least from July 1992 through June 1997.

One court criminal information was filed against Tokai in US District Court in Philadelphia charging violation of the Sherman Antitrust Act by scheming to eliminate competition in the graphite electrode industry.

Earlier, UCAR International Inc. of Danbury, Connecticut, and Showa Denko Carbon Inc. A US subsidiary of the Japanese firm Showa Financing KK, pleaded guilty to similar charges and are paying fines of \$110 million and \$32.5 million, respectively.

"This case illustrates the resolve of antitrust enforcers to prosecute all members of the international cartel that substantially increased prices of graphite electrodes in the United States and around the world," said Assistant Attorney General Joel I Klein. "Uncovering international cartels that harm Americans... is the antitrust division's top priority in criminal enforcement."

Another graphite electrode producer, Carbide Graphite Group of Pittsburgh, earlier announced that it has been accepted into the division's corporate leniency programme. The programme allows a company to avoid criminal prosecution if it voluntarily reports its involvement in a crime before federal investigators are aware of the crime.

Carbide Graphite, UCAR, Showa Denko and Tokai all agreed to assist the continuing investigation of this cartel. "We will continue to pursue any entity, US or foreign, involved in cartel activity that preys upon American businesses and consumer," said Deputy Assistant Attorney General G. R. Spratling, who heads the division's criminal enforcement section.