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The Daily Star BUSINESS

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Grameen Telecom wins \$10.6 m Soros Fund loan

Grameen Telecom Limited, the second largest partner of GrameenPhone, secured 10.6 million US dollars in loan to expand its mobile phone network in rural Bangladesh, officials said, reports APB.

The fund will come from the Soros Economic Development Fund, established by controversial international financier George Soros, with easy terms for repayments, sources said yesterday.

GrameenPhone plans to provide cellular phones to women in as many as 50,000 villages, who, in turn, will float small pay phone businesses to sell usage to other villagers.

According to sources in the GrameenPhone, the cellular telephone company had only 350 women subscribers at the village level, although it was launched about two years ago.

Now, the company plans to sell mobile telephone sets to rural women with lease financing from the Grameen Bank, which owns the Grameen Telecom Limited, the sources said.

The amount secured from the Soros Fund is repayable in seven years with the interest rates of five per cent per annum. The borrower would not be required to pay anything during the initial two years.

The company expects to set up its rural network by the year 2002.

Billionaire financier George Soros, who was widely blamed for the present financial crisis in Southeast Asia, set up the fund in 1996 to provide financial back up to institutions involved in economic development.

Taiwanese gold imports surge 137 pc

TAIPEI, May 7: Taiwan's imports of gold bars and coins totalled 8.95 tonnes in April, the finance ministry said today, a 137 per cent surge compared to April 1998 that caught dealers by surprise, reports Reuters.

Cumulative gold imports over the first four months totalled 26.745 tonnes, down 3.69 per cent from the same 1998 period, the ministry said in a statement.

BOI chief for exploring power sector Japanese hail Bangladesh investment climate

Japanese Ambassador in Dhaka Yoshikazu Kaneko on Thursday said Japanese investors in Bangladesh are happy over the investment-friendly environment and the reform measures undertaken by the government for speedy industrialisation with special focus on foreign direct investment, reports BSS.

The comments of the Japanese envoy came when he held talks with the Executive Chairman of Board of Investment (BOI), Sirajuddin Ahmed, a BOI press release said.

Welcoming the Japanese

ambassador at his office, Ahmed gave him a picture of Japanese investment in Bangladesh.

He said that apart from Japanese projects in the Export Processing Zones (EPZs), some Japanese projects have been registered with BOI, some of which have already gone into production and the others are under different stages of implementation.

Ahmed also requested the Japanese ambassador to encourage investors of his country to invest more in Bangladesh in the potential sectors, especially in power and hotels.

He also assured that BOI would take all possible measures to make the existing investment atmosphere more congenial for foreign investment, including Japanese projects in Bangladesh.

The Japanese envoy informed the BOI executive chairman that the government of Japan would extend all possible cooperation to ensure speedy industrialisation in Bangladesh.

He assured that more Japanese investors, especially of small and medium enterprises, would be encouraged to invest in Bangladesh.

Worst of global financial crisis over: Survey

WILLIAMSBURG, Virginia, May 7: The worst of the global financial crisis appears to have passed, leaving economists and executives of US industries confident that the economy will perform strongly, according to a survey conducted by the Business Council, reports AFP.

A panel of economists was nearly unanimous that the worst of the slide in global economic activity is now behind us. The sentiment was expressed by a large majority of active Business Council members as well, the council reported after surveying 46 current and former executives from leading US firms, as well as 12 economists.

This indicates a more positive outlook for business conditions in the United States this year. The executives and economists surveyed were "evenly split" between expecting US business to be stronger or little changed.

Outside the United States the results were mixed, according to a summary of the survey, with a majority expecting the business environment to be much like it is currently.

But firms say they will still have only limited ability to raise prices. A large majority of the executives said that the pricing power of their companies was "still soft," much as it was six months ago, while two-thirds of the executives said their ability to demand more for their products in the next six months should be changed "very little."

The council noted that those expecting their pricing power to strengthen in the next six months outnumbered those anticipating it to weaken by a margin of four to one.

Despite the unemployment rate falling to 4.2 per cent in March, its lowest level in 29 years, many council members indicated that this is not "a significant problem", the survey said.

It said the scarcity of labour has spurred investment in technology or led firms to increase salaries or stock option packages in order to retain their workers.

The year 2000 computer problem will provide a slight boost to spending in 1999, according to the economist sur-

veyed, but a large majority of the businessmen survey said spending on technological wares will be "little changed" next year.

The cost of debt financing is expected to remain about the same in the second half of 1999, according to the survey. Despite soaring equity prices, the survey noted that "none of the economists and only one council member expect the cost of equity financing in the second half of the year to be significantly higher."

When questioned about the business environment in Asia, nearly half of the executives said business activity has picked up throughout the region in the last six months, noting that they responded to the recession there by cutting costs and reducing capital spending.

China was voted the most attractive market for US exports this year, followed closely by South Korea, according to the corporate officers surveyed.

More than half said the probability of a devaluation of the yuan in the next year and a half is less than 25 per cent.



A migrant couple sit with their belongings under a huge billboard showing Shanghai night scene on Thursday. Millions of China's rural peasants flocked to the big cities annually in search of jobs and the bright lights. — AFP photo

Chernobyl virus costs China \$120m

BEIJING, May 7: The Chernobyl computer virus damaged 360,000 computers in China and caused one billion yuan (\$120 million) in economic losses, the official China Daily newspaper reported today, says Reuters.

But the virus had not affected China's banking, securities, telecommunications and aviation sectors, which use Unix and Netware programmes, it quoted an information technology market research agency as saying.

Instead the virus damaged personal computers and those used in other business areas, hitting hard-disk storage systems and effectively crashing most systems, the newspaper said.

The virus was popularly dubbed Chernobyl because it strikes on the April 26 anniversary of the Soviet nuclear disaster in 1986.

Chernobyl is one of the most damaging viruses of recent years, spreading worldwide via the Internet and other networks week and crippling thousands if not millions of computers.

There are about 11 million personal computers installed in China, with around 2.1 million people using the Internet.

South Korea said late last month the virus had hit 240,000 personal computers and Indian industry officials said it had affected 10,000 to 15,000 computers in New Delhi alone. Singapore and Bangladesh also reported some cases.

Asian countries appeared to be worst hit along with parts of Europe where antivirus protection is less prevalent and pirated software more common.

Taiwan police questioned a computer expert last week who was reported to have boasted of creating the virus.

Rapport seminar on managing change today

A day-long training seminar organised by Rapport Bangladesh Limited on Managing Change will be held today at Dhaka Sheraton Hotel.

The seminar will be conducted by an eminent management expert and Professor of Strategic and International Management of the Indian Institute of Management, Calcutta, Dr Ranjan Das, says a press release issued yesterday.

30 top and senior managers including a number of managing directors from Pragati Insurance Limited, Tania Overseas Ltd, Delta Life Insurance Co Ltd, Nitel Group, Haque Group of Industries Limited, GlaxoWellcome Bangladesh Ltd, Evince Computerised Labels Ltd, Energypac Ltd, Beximco Textiles Ltd, IDLC, Karnaphuli Insurance Co Ltd, National Tubes Limited, UCEP — Bangladesh, Biman Bangladesh Airlines, Islami Bank Bangladesh Limited, Green Delta Insurance Co Ltd, The City Bank Limited, IFIC Bank, Social Marketing Company, CARE — Bangladesh and BASIC Bank will be participating in the seminar.

M Mosharrar Hossain, Managing Director of Rapport Bangladesh Limited, will open the seminar with an address of welcome and introduce the participants at 9:00 am.

Olympics may give gold medal to Aussie economy

CANBERRA, May 7: The Sydney 2000 Olympics is poised to deliver a gold medal for Australia's economy in the September quarter of next year, Australia's central bank said Thursday, reports AP.

A Reserve Bank of Australia report on the economic impact of the games said export earnings in the quarter the Olympics are staged would rise 1.4 billion Australian dollars (920 million US dollars), or one per cent of Australia's gross domestic product.

The bank said the Olympics would contribute to around 24,000 construction jobs in New South Wales state in the four years to the end of the financial year on June 30, 2000.

It said income from tourism, ticket sales, sponsorship and other business activities would make a big difference to Australia's balance of payments position.

"The overall boost to be associated with a near-commensurate reduction in the current account deficit," the bank report said.

Staging the Olympics would also boost the economy by lifting consumer sentiment.

"It is, however, difficult to find much evidence that this has been particularly important at an aggregate level in other countries that have hosted the Olympic Games," the bank said.

"In the US for example, there was no pronounced improvement in consumer sentiment leading up to or during the Olympic Games held in Los Angeles (1984) and Atlanta (1996)."

Ticket sales for the Olympics were expected to total 500 million Australian dollars (330 million US dollars), an amount equivalent to 0.5 per cent of quarterly consumption expenditure.

BASIC issues bonus shares

Bank of Small Industries and Commerce Bangladesh Limited (BASIC) has issued 1:1 bonus share for its sole shareholder, the government of Bangladesh.

As a result, the paid-up capital of the bank has increased from Tk 80 million to Tk 160 million, says a press release.

Shah AMS Kibria, Finance Minister, was present as chief guest and Tofail Ahmed, Minister for Commerce and Industries as special guest.

The bonus was issued at a function held at a city hotel to mark the completion of 10 years of the bank's operation.

Dr Mohammed Farshuddin, Governor of Bangladesh Bank, attended the ceremony.

K M Ejazul Huq, Chairman of the board of directors of the bank and secretary of the Ministry of Industries, was present. Other members of the board of directors of the bank also attended the function.

The finance minister received the bonus share of Tk 80 million from the Chairman of the board of directors of the bank.

Later the finance minister distributed special crests to employees who completed 10 years of service in the bank.

Speaking on the occasion, the finance minister congratulated the members of the board and the management and staff on the sustained success made by the bank during the past 10 years.

He said that though "small is beautiful", the bank does not need to remain small. It should finance the small industrial units and, to this end, it should expand its operations further.

Tofail Ahmed congratulated the bank on its success and advised the bank's officials to provide finance to the entrepreneurs who have and are setting up industries in the BSCIC industrial estates.

In his address, Bangladesh Bank governor exhorted BASIC to finance the development of agro-industries in the rural areas with a view to generating employment and income.

Police raid false Woolmark tag users in India

CANBERRA, May 7: Police raided several businesses in India falsely labeling their goods with Woolmark tags to compete with Australia and other wool-producing nations, the Woolmark Co. said Friday, reports AP.

It said four businesses in Amritsar and Ludhiana, in Punjab state, had been raided recently, with goods bearing the false tags confiscated and charges laid against the traders.

There are already 10 criminal cases from the region awaiting trial.



Finance Minister Shah AMS Kibria receives the bonus share certificate from KM Ejazul Huq, Chairman of the Board of Directors of Bank of Small Industries and Commerce Bangladesh Ltd (BASIC) and Industries Secretary, Commerce and Industries Minister Tofail Ahmed and the BASIC Managing Director Alauddin A Majid are also seen. — BASIC photo

Toyota develops new engine

TOKYO, May 7: Japan's Toyota Motor Corp. said today it had developed new fuel-efficient diesel engines for its core models in the European market, says AFP.

Japan's largest auto maker worked with affiliates Denso Corp. and Toyota Automatic Loom Works Ltd. to develop the direct-injection engines, the Nihon Keizai Shinbun business daily said.

The company plans to furnish its Yaris compact European model and midsize sedans built in Britain with the engines, a Toyota spokeswoman said.

With the new dynamos based on a common-rail injection control system, carbon dioxide emissions can be cut by about 20 per cent, the Nihon Keizai said.

Similar engines are also used by DaimlerChrysler AG and PSA Peugeot-Citroen SA in their diesel cars.

With recession severely eating into auto sales here, only Toyota and Fuji Heavy Industries Co. Ltd., which makes Subaru model cars, were able to push up sales in April.

Microsoft to invest \$5b in AT & T cable TV

NEW YORK, May 7: Microsoft is investing \$5 billion in AT-and-T in a deal that will ensure that the dominant player in computer software won't be left out of AT-and-T's plan to use cable TV wires for Internet access, telephone calls and entertainment, says AP.

The companies said Thursday they will pick three cities to test a new, pay-one-bill service featuring interactive TV with phone service e-mail and other Internet features.

The announcement came a day after AT-and-T agreed to buy MediaOne Group Inc, the nation's fourth-largest cable provider, a deal expected to get a fine-tooth combing by regulators.

If approved, it will clear the way for AT-and-T to become the nation's biggest cable television company.

Sony expressed concern over how much power the two titans will wield in the nascent high-speed Internet industry.

With the addition of MediaOne's business, AT-and-T will control TV cables to 16 million homes. The deal gives Microsoft "access into a dispropionate

amount" of cable homes that already have interactive services such as Internet access, said Lisa Pierce, an industry analyst at Giga Information Group, a research firm in Norwell, Massachusetts. "Once they have their foot in the door, they can leverage themselves in terms of other software and services."

The AT-and-T and Microsoft venture "is going to undergo an awful lot of scrutiny from the government," said Mike McQuary, president of MindSpring, an Atlanta-based Internet service provider.

The market for high-speed communications lines, also known as broadband, is expected to grow to \$200 billion by 2005, according to a study last year by Booz-Allen and Hamilton, a consulting firm.

Even if AT-and-T succeeds in dominating the nation's cable systems, rivals aren't convinced that those wires are the best way to deliver bundles of services.

Indeed, consumers soon might be able to choose between cable, telephone, and satellite services for their Internet links.

Weekly Currency Roundup

Local Market

Last week (May 2-May 6) started with a spurred up demand for dollar which lasted for two days and then receded to a steady level. The dollar demand perked up mainly due to its scarcity in the interbank market.

The supply situation of dollar improved as its inflow started increasing from the middle of the week. During the week, dollar traded in a range of BDT 48.65 to BDT 48.68.

There was a lot of activity in the kerb market and the price of a unit of cash dollar was very high, ranging between BDT 49.00 to BDT 49.45.

Although the money market was insipid in the beginning of the week, the call rate escalated from Monday and maintained its trend throughout the week. The call money rate increased as the demand for taka in the interbank picked up from Monday due to settlement of payments. The call rate ranged between 7.5 per cent to 10.5 per cent.

Bangladesh Bank accepted Treasury Bills worth BDT 3490 million for 28 days at an average rate of 7.53 per cent, BDT 170 million for 182 days at an average rate of 9.00 per cent, BDT 150 million for 364 days at an average rate of 9.63 per cent and BDT 210 million for 2 years at an average rate of 10.10 per cent.

International Market

In the middle of the week, dollar gained against yen on news that Japanese Prime Minister Keizo Obuchi has indicated that Tokyo would not introduce any new fiscal stimulus measures. Later, dollar again came down against yen as the Japanese currency market resumed after a long Golden Week holiday and the Japanese stock index Nikkei rose.

The euro gained massively during the later part of the week as the interbank players speculated that Kosovo crisis might be heading towards a peaceful solution.

On Thursday, euro was heading towards its last three-week high as US President Bill Clinton commented that Yugoslav President Slobodan Milosevic might be moving closer to accepting NATO demands for resolving the conflict in Kosovo.

Pound sterling was strong against dollar throughout the week due to amalgamation of several factors. Pound rose as the UK economy showed steady growth, with low inflationary pressure and fairly high demand for pound among the overseas market players were concerned about the "bubble effect" of the US stock market.

— Standard Chartered Bank

Fear of exposure to Y2K glitch

US asset-backed securities mull over staying out of market

NEW YORK, May 7: A growing number of US asset-backed players are considering staying out of the fourth-quarter market for fear of exposure to a year-end bug, reports Reuters.

But it isn't a flu bug that market participants hope to avoid. It's the Year 2000 bug, or the Y2K bug that some analysts believe has the potential to cause worldwide computer problems and economic fallout.

"That's one a lot of people are talking about right now," said Thomas Hourican, head of asset-backed securities (ABS) research at Chase Securities. "I'm not sure Chase (Securities) is one of them, but a lot of (investment) banks around the Street are advising a lot of clients to avoid the fourth quarter."

ABS are bonds or notes issued by a bank or other lender and backed by an expected or predictable cash flow such as credit card or home equity loan payments.

The Y2K bug, widely referred to by the "Millennium Bug" misnomer even though the new millennium actually begins in 2001, is a problem computers could experience because many

older machines were originally programmed to read only the last two digits of a year.

When the clock switches over to 2000, computer programmes that haven't been updated will read "00", in some cases assuming that means "1900".

The potential fallout from that has led to various speculations, with some theorists saying it will cause only minor glitches to those at the other end of the spectrum saying it could cause worldwide chaos.

"This is looming in the background," said Jeff Salmon, head of asset-backed securities (ABS) research at Barclays Capital, who said he has heard rumblings of ABS players moving to the sidelines as the end of the year draws closer.

But in what is more Catch 22 than Y2K, many market participants may avoid the market not because they foresee a technological disaster but simply because they are hearing that their peers may avoid the market. Many are concerned that if too many players bow out, the securities will be less liquid.

"One of the worries is very limited liquidity in what is

normally the most active quarter of the year," said an analyst at a Hartford, Conn.-based investment company.

It's a matter of what approach the investor base is going to take, this analyst said. "They may decide to close their books early. It's a big question mark. People are starting to talk about it a lot and plan for it more."

But all this talk and planning may make a dearth of fourth quarter issuance a self-fulfilling prophecy, said Grant Carville, senior vice president at William Hough & Co.

Carville addressed the issue when it came up during the question and answer session of a student loan securitisation panel at an ABS conference here this week.

"People are saying fourth quarter activity is going to cease to exist," he said. "And if everyone believes that, then it will happen."

Sharon Aesch, analyst at Moody's Investors Service, another member of that student loan panel, said the rating agency has heard that many may not be doing business in the fourth quarter, or at least in