

SANYO Japan
 Instalment Facility Available
Air Conditioner
 Transfin Trading Ltd.
 Tel: 815307-10, Fax: 813062

National Housing Finance & Investments Ltd.
 Home Mortgage Loans available for:
 Construction of houses
 Purchase of houses or apartments
 Renovation or extensions to existing properties
 Purchase of housing plots in approved land developments
 Telephone inquiries are welcome
 Chamber Building (6th Fl), 122-124 Motihsheel, Dhaka-1000
 Telephone 955 9311-2, 955 3387, 955 3254 Fax: 956 8987

IFC does U-turn on textile sector backward linkage

The International Finance Corporation (IFC), the private-sector investment affiliate of the World Bank, which earlier differed on feasibility of backward linkage in Bangladesh's textile sector is now recommending it in phases, says BSS.

The recommendation of the IFC came in the face of media criticism, which favoured the backward linkage.

An IFC release yesterday said the backward linkage may start with dyeing and finishing units.

The study is being done by IFC, as the garment-manufacturing sector is the highest contributor to Bangladesh's economy and IFC is trying to assist in further development of this thrust sector, the release said.

The IFC study singled out necessary improvements in infrastructure, which is required to achieve the objectives of profitability and sustainability of the textile sector in the post-2004 period.

The study focuses on the comparative costs of textile production, marketing and distribution at various stages, especially raw materials sourcing, spinning, weaving, dyeing and colouring, knitting and manufacturing of readymade garments, as well as on global trends in textile industry technology, marketing and organization.

The study also looks into the major factors which will affect international textile pricing, particularly over the next few years until 2004 when major international trade agreements will lapse.

Eric Cruikshank, Manager of IFC's South Asia Department, clarified that it is neither IFC's role nor its intention to use the study for the purpose of extending formal advice on industrial policy or strategy, either to the Bangladesh authorities or industry associations, the release said.

The IFC release said it hopes to be able to rely on findings from the study — after receiving feedback from all relevant actors in the field — in playing its role when presented with textile investment proposals. IFC investments are decided globally on a case-by-case basis for each project, based on three main criteria.

The authors of the study report also hope to receive support from the European Union and other international organisations in efforts to help with training programmes providing new skills to the labour force in Bangladesh's textile sector, the release added.



Reporters await police and prosecutors who are raiding the collapsed Long-Term Credit Bank (LTCB) Thursday at a main entrance of LTCB headquarters in Tokyo. Tokyo Prosecution office raided LTCB to investigate the alleged cover-up of bad loans. — AFP photo

Samad Azad for more G8 capital flows to LDCs

BOON, June 11: Bangladesh Foreign Minister Abdus Samad Azad today sought more foreign direct investment and capital flows from the G-8 (group of eight) countries to the LDCs (least developed countries), says BSS.

"Take a fresh look at an innovative mechanism to encourage foreign direct investment," Azad told the foreign ministers of the rich countries, while making a statement at the meeting of G-8, NAM Troika and G-77.

The foreign ministers of G-8 and Foreign Ministers of NAM Troika attended the meeting held prior to G-8 summit scheduled to be held in Germany on June 18 and 19.

Drawing the attention of G-8

foreign ministers, Azad called for taking vigorous and concerted international efforts to help the LDC building their national capacity to support comprehensive and sustained development of their countries (LDCs). He also called for extending the deadline set at 2005 for the elimination of the existing concessions to the developing countries under the Uruguay round.

Bangladesh Foreign Minister also laid emphasis on the eradication of poverty by taking effective global measures.

He said the right to development with eradication of poverty should constitute the fundamental approach to

restoring human dignity. In their statements, the vice president of the European Commission, the Minister of State for Foreign Office of Germany and the Russian Foreign Minister endorsed the views of Azad.

Azad who is here on a two-day official visit briefly met with the US Secretary of State Madeleine Albright, British Foreign Secretary Robin Cook, Foreign Minister of Italy Umberto Ranieri, Canadian Foreign Minister Lloyd Axworthy, Russian Foreign Minister Igor Ivanov and the current chairman of NAM Foreign Minister Alfred Nzo, who is also the foreign minister of South Africa.

Indian GDP may show 5.5 pc growth

BOMBAY, June 11: India's gross domestic product for the year to March 2000 is expected to show 5.5 per cent growth, down from the 5.8 per cent seen in 1998/99, according to a Reuters poll of nine economists, reports Reuters.

The growth outlook has firmed since Reuters conducted a similar poll in March, when the same respondents saw 1999/2000 full-year growth at 5.4 per cent.

Contributors to the poll said the upward revision since March was based on expectations last year's higher agricultural output would be sustained and that some industries would show a recovery.

Meteorologists have forecast a normal monsoon for the country this year.

But India's clashes with guerrillas on the border with Pakistan and uncertainties from a general election due in September or October could change the outlook, they said.

WTO to hold leadership talks next week

GENEVA, June 11: Envoys to the World Trade Organisation yesterday scheduled a meeting next week for crucial talks to try to resolve the leadership crisis at the global trade watchdog, reports Reuters.

They decided to convene a formal meeting of the WTO's ruling General Council on June 16, as trade diplomats told of increasingly bitter behind-the-scenes wrangling after weeks of stalemate.

Envoys fear that the impasse could seriously affect preparations for the launch at the end of the year of a new round of global trade liberalisation talks.

The trade diplomats have been unable to agree on which

one of the two leading candidates, Thailand's Deputy Prime Minister Supachai Panitchpakdi, or former New Zealand Prime Minister Michael Moore, should be given the top post.

The WTO has been without a chief since its former boss, Renato Ruggiero of Italy, left office on April 30.

"Everybody is divided into camps. It's beginning to affect our personal relations," said one envoy.

Another added: "It's very tough on the organisation. Something has to give in, but this isn't happening. I haven't seen anything like it."

Trade diplomats said that Tanzania's ambassador Ali Mchumo, who has been charged

with trying to establish which man has the widest backing, carried out intensive consultations throughout the week with WTO envoys.

The Moore camp says it has a lead of about 80 to 40 among the WTO's 134 member states, but there are no signs that the Supachai supporters are backing down.

Supachai is a respected economist and former banker who has the backing of the Asia-Pacific region — developing countries as well as rich trade powers such as Japan and Australia.

Moore, a 50-year-old former labour union activist, is backed by the United States and has support from North and South.

Record output at Fenchuganj Fertiliser Factory

SYLHET, June 11: A tremendous performance by the workers of Fenchuganj Fertiliser Factory has helped the factory to post a record production, reports UNB.

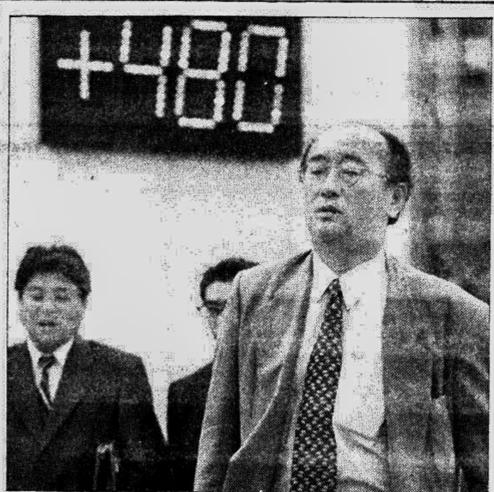
Officials said a total of 80,128 tonnes of urea was produced in 11 months of the outgoing fiscal, while over 10,000 tons are expected to be produced this month.

The authorities had to keep production in the factory suspended for two weeks this year. Otherwise, the output quantum would be much higher.

Some 175-240 tonnes of fertiliser is produced in the country's oldest fertiliser factory under BGCIC.

Recalling their bad days, workers said a recommendation was put forward to the government in 1987 to lay off the factory, but the government had to revise the decision in the face of pressure from the locals.

They said it's possible to give a further boost to its production by replacing the factory's obsolete machines.



Japanese businessmen pass under electric share price board quoting "480 points up" in downtown Tokyo Thursday. Japanese share prices jumped 480.12 points or 2.9 per cent to finish at the 17,102.62 point level at the Tokyo Stock Exchange as Japan's GDP surged 1.9 per cent in the three months to March from previous quarter. — AFP photo

Oil down on weak global demand

LONDON, June 11: Weaker global demand for oil led to production cuts by oil exporters, causing the price of crude to drop last month by more than 2 per barrel, the International Energy Agency reported Friday, reports AP.

Oil inventories fell more slowly than expected, even though compliance with output cuts agreed by oil-producing countries improved to 90 per cent from April's level of 82 per cent, the agency said in a report faxed from its Paris headquarters.

Global crude production fell last month by 400,000 barrels per day to a new total of 73 million barrels per day.

However, a decline in seasonal demand for heating oil and other products together with uninterrupted exports from Iraq helped depress prices. OPEC's benchmark "basket" price for a barrel of crude dropped from \$15 in April to \$12.66 in May, the IEA said.

New Russian govt unlikely to reform economy

MOSCOW, June 11: Russia's new government is unlikely to reform the economy and fresh credits from the International Monetary Fund might not be available for months, former deputy prime minister Boris Fyodorov said yesterday, reports Reuters.

Fyodorov, who was a fierce critic of the economic policy of the previous government of Yevgeny Primakov, denied leading liberals unanimously supported Prime Minister Sergei Stepashin, who took over last month.

"This government is in no way better than that of Primakov. The top people have been changed, but no one else. The same economic team has effectively been maintained," Fyodorov, a member of liberal Right Cause political bloc, told a news conference.

"To expect this government to take any steps in economic reform is out of the question," he said, adding that the IMF

would wait on implementation of reform plans before it even considered new loans for Russia.

"It is absolutely clear that we will move into September without an agreement with the IMF, and even if it is reached in September or October, it will not change the situation much."

Fyodorov, who was responsible for taxation under Primakov's predecessor, Sergei Kiriyenko, criticised Mikhail Zadornov, the ex-finance minister who has been named special representative in negotiations with international financial organisations.

"He should have resigned long ago," Fyodorov said.

The other key economic figures in Stepashin's government are First Deputy Prime Minister Nikolai Aksyonenko, previously railways minister, First Deputy Prime Minister Viktor Khristenko, and Finance Minister Mikhail Kasyanov.

Khristenko and Kasyanov were previously first deputy finance ministers under Zadornov, who stayed in his post after last year's financial crisis brought down Kiriyenko's government.

Fyodorov said, even if the State Duma lower house of parliament approved new laws required by the IMF, the Fund would still need about two months to see evidence of the measures being implemented.

He said no major decisions could be made before a presidential election due in mid-2000, including on restructuring foreign debt.

Fyodorov also criticised the draft budget for next year discussed by the government on Thursday, saying the parameters were just as unrealistic as those initially set for 1999.

"In January next year we shall meet again and these parameters will be quite different," he said.

Business Briefs

Japanese economy grows 1.9 pc

TOKYO: Japan's economy grew a surprisingly robust 1.9 per cent in the first three months of the year, thanks largely to increased public spending, the government announced Thursday.

The increase in gross domestic product is the first since the summer of 1997 and marked an end, though perhaps only a temporary one, to the nation's longest recession since World War II.

If the growth pace set in the January-March quarter were to continue — though few think it will — GDP would expand 7.9 per cent this year, the Economic Planning Agency said.

A senior government spokesman said Wednesday that the figure would improve, but few expected such robust growth.

"Nobody expected such high numbers," said Akio Yoshino, director of Credit Suisse Asset Management in Tokyo.

"Japan's prolonged contraction in the economy has at last bottomed."

Economists in Tokyo had expected, on average, a 0.1 per cent contraction.

The rise in GDP — a measure of all goods and services produced in a country — followed a 0.8 contraction in the last quarter of 1998, the fifth straight quarter of decline.

Filipino inflation to stay steady

MANILA: The Philippine government's chief economic planner said Thursday inflation in June is expected to be little changed from May's inflation rate of 6.7 per cent year-to-year.

Socioeconomic Planning Secretary Felipe Medalla said "very stable" food prices are expected to keep consumer prices relatively flat in June. "June inflation will hover around the same level as May's," he said.

Inflation averaged 8.9 per cent in the first five months of 1999, just within government's target of between 8 per cent and 9 per cent for the whole year. Inflation in April was 7.9 per cent year-to-year.

June inflation data are due in the first week of July.

Thailand for foreign lending rate cut

BANGKOK: Thailand's central bank will ask foreign banks operating in Thailand to slash lending rates and narrow the gap with their low deposit rates, an official said Thursday.

Kitti Patpongpipit, the Bank of Thailand's deputy governor, told reporters that foreign banks have too wide of a spread between deposit rates and lending rates — even more so than local banks, which have been criticised for their wide margins.

"They should cut the lending rates to help boost growth in the Thai economy," Kitti said.

The central bank will soon set up a meeting with foreign bankers to discuss the possibility of reductions.

The local branches of Japan's Sakura Bank Ltd and Germany's Deutsche Bank AG currently offer the highest prime rates among foreign banks in Bangkok, at 12.25 per cent and 12 per cent, respectively.

The other foreign banks' prime rates are in the range of 9 per cent to 11 per cent. Local commercial banks' prime rates range between 8.75 per cent and 11.75 per cent.

Minimum retail rates at foreign banks are much higher, ranging from 12 per cent at France's Credit Agricole Indosuez to 19 per cent at the UK's Hong Kong and Shanghai Banking Corp.

Leeson hopes to quit S'pore quietly

SINGAPORE: British futures trader Nick Leeson hopes to slip out of Singapore unnoticed after his release from prison, which could be as early as July 3, a British official said Thursday.

"His wishes were that he should leave as privately and as quietly as possible. He doesn't want the press to be told," said Clive Alderton, first secretary of the British High Commission.

Leeson's departure will likely be a "managed and controlled process, in which he'll be invisible" as he is deported, Alderton said. Immigration officials will "put him into the back of a very nondescript car, and take him to one of the departure points."

Leeson could leave Singapore by air, sea or land. No information has been given on where he would go or whether he would return to Britain.

Leeson, 32, was jailed for fraud and forgery in connection with the 1995 collapse of Barings, the oldest bank in Britain. He made unauthorised futures deals worth \$1.4 billion from his base in Singapore.

"The earliest Nick Leeson can be released is 3rd July, but provided his behavior is good," said Prisons Department spokesman Pauline Sim.

A release around July 3 would free Leeson from prison nearly three years before completion of his 6 1/2 year sentence. — AP reports

Sugar output to beat demand

FAO sees cereal dearth in '99

ROME, June 11: Global cereals production will fail to meet demand in 1999, sending reserves below safe levels, while sugar output should exceed demand, the UN's food organisation said in new forecasts released today, reports Reuters.

In its bimonthly Food Outlook, the UN Food and Agriculture Organisation (FAO) said heavy rains on food supply were compounded by the humanitarian emergency in Europe as thousands of refugees continued to flee from Kosovo.

FAO's latest estimates for 1999 world cereal production pointed to a fall of around 1.3 per cent to 1.858 billion tonnes, slightly less than previous forecasts of a 1.5 per cent dip.

"Current forecasts suggest

cereal output in 1999 would not meet expected consumption requirements in 1999/2000. If correct, global cereal reserves accumulated in the last three seasons will have to be drawn down," the FAO said.

It forecast global sugar output rising 6.5 per cent to 129.6 million tonnes in 1998/99.

"The FAO outlook for the world sugar market in 1998/1999 is for continued oversupply due to production expanding at a faster rate than demand. The supply surplus would add to already high stock levels and is expected to limit any recovery in prices," the report said.

"Upward revisions were made to estimates for cane producing countries, mainly Brazil

and India, which more than offset the downward adjustments in beet sugar production, particularly in the EC.

"Cane sugar production is estimated at 93 million tonnes... while total production from beet is expected to decline further to 36.5 million tonnes," the Rome-based agency said.

It estimated world wheat output below trend in 1999 and dropping 2.6 per cent to 579 million tonnes.

"Output is expected to fall marginally in Africa and Asia, while larger declines are expected in North America and Europe," FAO said.

FAO also estimated global coarse grains production in 1999 down around 1.5 per cent to 891 million tonnes. It said

prospects were good in India, where normal monsoon rains were due to begin, but in China heavy rains in April in the south and drought coupled with low temperatures in the north may have delayed maize planting, which could affect yields.

FAO gave its first forecast of 1999/2000 world cereal trade as 212 million tonnes, a rise of five million tonnes from the previous year.

"Increased import demand for wheat is expected to come from several Asian countries where 1999 wheat production is forecast to decline, while substantial food aid pledges, particularly for the Russian Federation, which are still pending, are likely to be delivered in the next season," the report said.

PRESS CONFERENCE
NATIONAL CRAFT SHOW-1999
 DATE: 13-15, JUNE '99
 VENUE: HOTEL SHERATON
 ORGANISED BY: BANGLACRAFT.

S U Haider, President of Banglacraft, speaks at a press conference yesterday on the 3-day National Craft Show '99 beginning in city tomorrow. — Star photo

HK urged to promote cyber economy

HONG KONG, June 11: Hong Kong's government has been urged to drop its traditional laissez-faire policy and actively promote a "cyber economy" as the territory searches for a new economic direction, says AFP.

"Hong Kong's openness, free information flows and physical infrastructure all contribute towards an environment favourable to the development of a cyber economy," Bank of East Asia (BEA) said in a report.

The success of such development requires social infrastructure including an education system capable of producing technological manpower, legal protection for intellectual property, security systems for electronic commerce, and a financial market.

Banks travel in time to test Y2K preparedness

FRANKFURT, June 11: Banks in 17 countries worldwide will this weekend take a journey into the future, using a test environment simulating the first trading days of 2000 to check systems won't be stalled by the millennium bug, reports Reuters.

The global exercise, involving about 190 banks, is intended to ensure that — whatever else happens — the backbone of international payment systems worldwide will function normally as the world's clocks tick past December 31, 1999.

"The aim is to make this year a normal year-end like any other," said Dresdner Bank AG millennium expert Guenter Hottenroth. "Our customers should notice nothing."

Concern about the 1999

year-end has arisen due to the switch from a 19 prefix for the year to 20 for 2000.

Old computers, and the chips and software programmes which still linger in newer versions, are often only able to recognise the last two digits of the year — a memory-saving idea which made every sense in the early days of such technology.

Germany's major banks have already carried out extensive simulations themselves and within their national boundaries to test their systems, bank experts said at a news conference arranged by the German Banking Association in Frankfurt.

The test now is to see whether the changes and update they have made will be

"understood" by the computers operated by a bank on the other end of a global transaction.

"We have already tested the handshake here in Germany and that worked," said Deutsche Bank vice-president and millennium expert Gerhard Singer. "Now we need to test the international handshake. Can we receive and send data?"

Countries involved in the weekend's simulation include majors such as the United States, Canada, Germany, Japan and Britain but the net is also cast to include South American countries, Poland and Korea.

In the simulated environment, Saturday June 12 will become Monday, January 3, 2000 and Sunday June 13 becomes Tuesday January 4.

A critical factor in the simulation will be the precise synchronisation of clocks within the test environment.

"The journey in time has to be absolutely synchronised. Errors in this area could cause all sorts of other problems," said Commerzbank millennium expert Detlev Kirchner. The test, initiated by the New York Clearing House, is intended to be the final assessment of millennium compliance for its participants.

"Further changes in the field of electronic data processing will only be made up until the year-end where absolutely necessary," said German Banking Association Deputy Managing Director Wolfgang Arnold.

"This change freeze is an important measure to ensure

that the safety level we have reached can be consistently guaranteed," he added.

After the test had been completed, the test environment will also be offered free of charge to major corporate customers who want to conduct similar tests.

German banks alone have probably invested well over 10 billion marks (\$5.37 billion) in the millennium problem.

Precise calculations are hard, as many costs have been booked to the introduction of the euro at the start of this year or to general investment. But Deutsche, Dresdner and Commerzbank each estimate their costs at 400 million to 700 marks.

Some banks, however, have admitted that even when they

have proved that their systems are totally millennium-proof, problems through external influences cannot be fully excluded.

Many banks had private power supplies which would shield them against a general problem with electricity production, the bankers said. But they also rely, for example, on reliable telecommunications links.

Nonetheless, there are no plans to stop provision of services to customers, the bankers made clear.

As Banking Association spokesman Hartmut Knueppel put it: "You will be able to get money from the cashpoint providing you don't get stuck in the elevator."