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# The Daily Star BUSINESS

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## WB concerned about debt relief process

PARIS, June 18: James Wolfensohn, chairman of the World Bank, said in an interview published Friday that he is concerned about the means of financing debt cancellation to be announced by the Group of Seven most industrialised countries in Cologne, says AP.

"I am optimistic when I hear commitments from the most industrialised countries, but I am very concerned about the way they will be financed," Wolfensohn said in an interview with the French business daily Les Echos.

Heads of states from the G7 countries and Russia are expected to endorse a plan to offer more generous debt relief to the world's poorest countries as they meet in Cologne Friday through Sunday.

In addition to the \$2 billion the World Bank has already canceled, the G8 countries are asking for a further \$2.5 billion relief, and "I will have to find another \$2.5 billion. I don't have them," Wolfensohn said.

He added that the African Bank for Development and the Interamerican Bank for Development will face the same problem.

Wolfensohn told the paper that while the financial crises in emerging markets is over, its impact is not yet completely known.

"The situation may have improved, but the impact of the financial crisis still needs to be measured," he said.

Turning to the Balkans, Wolfensohn said that the World Bank is currently working with the European Union on aid to countries surrounding Yugoslavia — Romania, Bulgaria, Bosnia, Croatia, Albania and Macedonia — which were hit by NATO bombings and took in refugees from Kosovo.

## Indian transport, power sectors not ready for Y2K glitch

NEW DELHI, June 18: Key sectors of power and surface transport in India are not ready for the effects of the "Millennium Bug," the software glitch that could cause computers throughout the world to shut down on Jan 1, local news agencies reported Friday, reports AP.

Only one out of the country's 20 surface transport organisations — such as railroads, bus lines and trucking services — has tested its systems and made sure its computers will recognise the year 2000, said a report issued by the National Y2K Action Force.

None of the country's eight power providers has achieved Y2K compliance, the report added. That means that when the clock strikes midnight on Dec 31, computers that use the two-digit 99 to represent 1999, will mistake 00 for 1900.

However, the report said that domestic carrier, Air India, has attained compliance.

The international carrier, Indian Airlines, is complaint in areas such as fuel accounts, mail accounts, interline cargo processing, passenger reservation system, communication devices and travel agent terminals, said the report, quoted by Indian news agencies.

Indian Airlines' speech and transmission circuits are partially compliant but they will not be disrupted by the bug anyway, the agencies quoted the report as saying.

Authorities at the Action Force refused to give a copy of the report to The Associated Press.

The government expects all sectors to attain Y2K compliance by September, but experts say very few will be able to meet the deadline.

## Thailand to keep drawing from IMF package

BANGKOK, June 18: A deputy finance minister said Friday that Thailand will draw at least one more installment from the \$17.2 billion package organised by the International Monetary Fund to bail out the economy, reports AP.

Pisit Leachitman told Dow Jones Newswires that the installment would come in addition to the \$520 million from the bailout package that was approved by the IMF board in Washington this week.

It wasn't possible to say whether Thailand would leave the rescue programme before it expires, Pisit said.

First, the government would need to make certain that all its economic restructuring programmes are in place and that they will be working properly, Pisit said.

Once the latest funds are received, Thailand will have drawn \$14.1 billion, or more than 80 per cent, of the 34-month credit line and restructuring assistance package approved in August 1997.

Finance Minister Tarrin Nimanhaeminda, who has adhered closely to the IMF programme to drag Thailand's economy out of the Asian financial crisis, said last month that Thailand would only continue borrowing if necessary.

# WB satisfied with Bangladesh poverty alleviation project

The World Bank (WB) has termed that ongoing Tk 6640 million Bangladesh Poverty Alleviation Project (BPAP) as 'highly satisfactory' on achieving target of disbursement of loans to the borrowers, reports BSS.

According to the project proposal, a total of 1.2 million borrowers would be brought under the credit network by December 2000. The credit scheme began October 1, 1996.

About 65 per cent of the target has already been achieved till April 30, 1998, a WB project status report said.

The report sent to different government offices recently said about 775,220 borrowers, out of the total, received funds provided by the IDA, the lending wing of WB. Nearly 90 per cent of the borrowers are women, it said.

A short survey was also conducted in July 1997 which showed that the project has a positive impact on the beneficiaries by increasing income, improving access to clean water, health, sanitation facilities and enhancing enrollment of children to schools.

The project status report

said Palli Karima Sahayak Foundation (PKSF), the implementing agency of the project, has approved loans amounting to Tk 2572 million of which Tk 2266 million has been disbursed to Partners Organizations (POs).

IDA refinanced Tk 1156 million of the disbursed amount which is about 69 per cent of the total disbursement.

The report said PKSF has 152 POs and they have increased outreach by 762,500 borrowers as of April 30, 1998.

The objective of the project is to reduce poverty through ex-

panding the ongoing successful micro-finance programme and enhance institutional and financial sustainability of PKSF and its Partner Organizations.

The project implementation will ensure a prudent expansion of micro-credit and PKSF's sustainability, the report said.

## ILO adopts treaty banning child labour

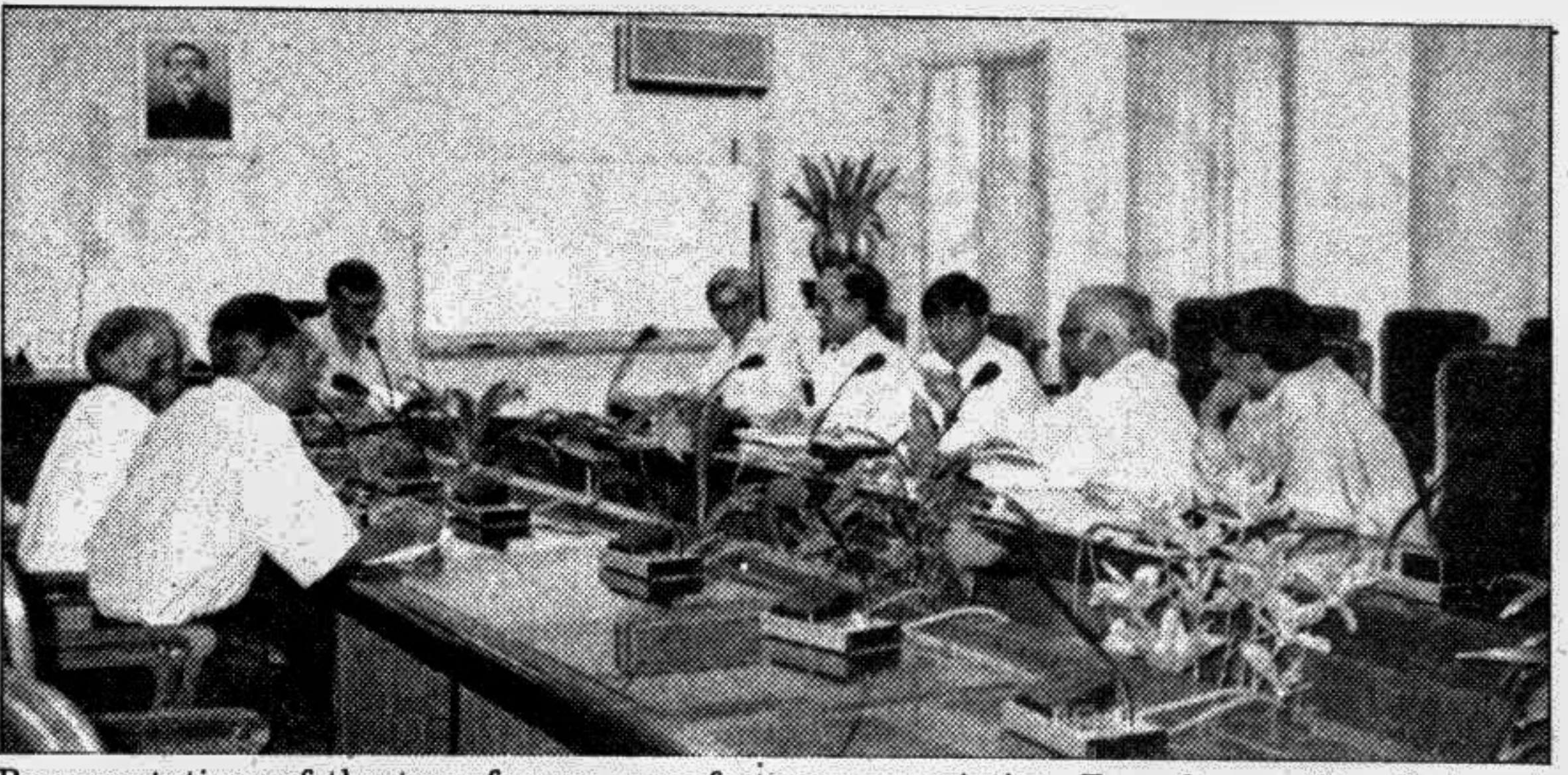
GENEVA, June 18: The International Labour Organisation (ILO) yesterday adopted a treaty banning the worst forms of child labour, including slavery and trafficking, says Reuters.

The pact was approved by ILO's 174 member states, as well as workers' and employers representatives at the UN agency's annual meeting. "We are unanimous," Ghana's labour minister Alhaji Mohammad Mumuni, who chairs the talks, announced after 415 delegations voted in favour with none against.

The convention, which aims to protect those under 18, targets child slavery, forced labour, trafficking, debt bondage, serfdom, prostitution, pornography and exploitative work in industries using dangerous machinery and hazardous substances.

The ILO pact will come into force after two states have ratified it, officials said.

US President Clinton backed the treaty in a speech to the ILO meeting on Wednesday, saying: "We must wipe from the Earth the most vicious forms of abusive child labour. Every single day, tens of millions of children work in conditions that shock the conscience."



Representatives of the transformer manufacturers association, Transformer Manufacturer's of Bangladesh (TMB), met Quamrul Islam Siddique, Chairman of Bangladesh Power Development Board, on Wednesday. The delegation placed some proposals for the development of transformer industry in Bangladesh. —TMB photo

# Switzerland slaps restrictions Belgian, French ban on Coca Cola products go partially

BRUSSELS, June 18: Belgium extended its ban on Coke but agreed to lift restrictions that were placed on some of the company's other beverages after dozens of people became ill consuming soft drinks, reports AP.

France partially relaxed its ban on Coca-Cola sales Thursday, but Switzerland joined a move by other nations to block sales of Coca-Cola drinks produced in Belgium.

Coca-Cola Co, the world's biggest soft-drink company, had hoped the ban would be lifted and European confidence in the brands would be restored.

With Coke's problems coming on top of a tainted-food scandal in Belgium, French President Jacques Chirac said Thursday he will propose creating an international council to monitor food safety.

The Belgian Health Ministry said Thursday it was allowing the resumption of sales of Coca-Cola's Nestea, Aquarius, Bonaqua, Kinley, Lift and Minute Maid brands. But the ban was extended on Coke, Fanta and Sprite pending further investigation into what

caused the illnesses.

"It is not possible today to explain in a calm and satisfactory way the appearance of these symptoms of illness," said the statement from Health Minister Luc Van den Bossche. "Coca-Cola must withdraw all these products from the market and destroy them."

The Belgian government imposed its ban Monday after dozens of youngsters were hospitalised complaining of stomach pains and nausea after drinking Coca-Cola products, Belgian news media said Thursday some 200 people had been affected.

The health scare rapidly spread to other nations, with Luxembourg imposing a similar ban and France banning Coke.

The French government announced Thursday it was relaxing its ban on canned Coca-Cola products and would allow sales to resume from one of two French Coke plants.

Coca-Cola spokesman Rob Baskin said the company was pleased with the partial victory and continues to work to re-

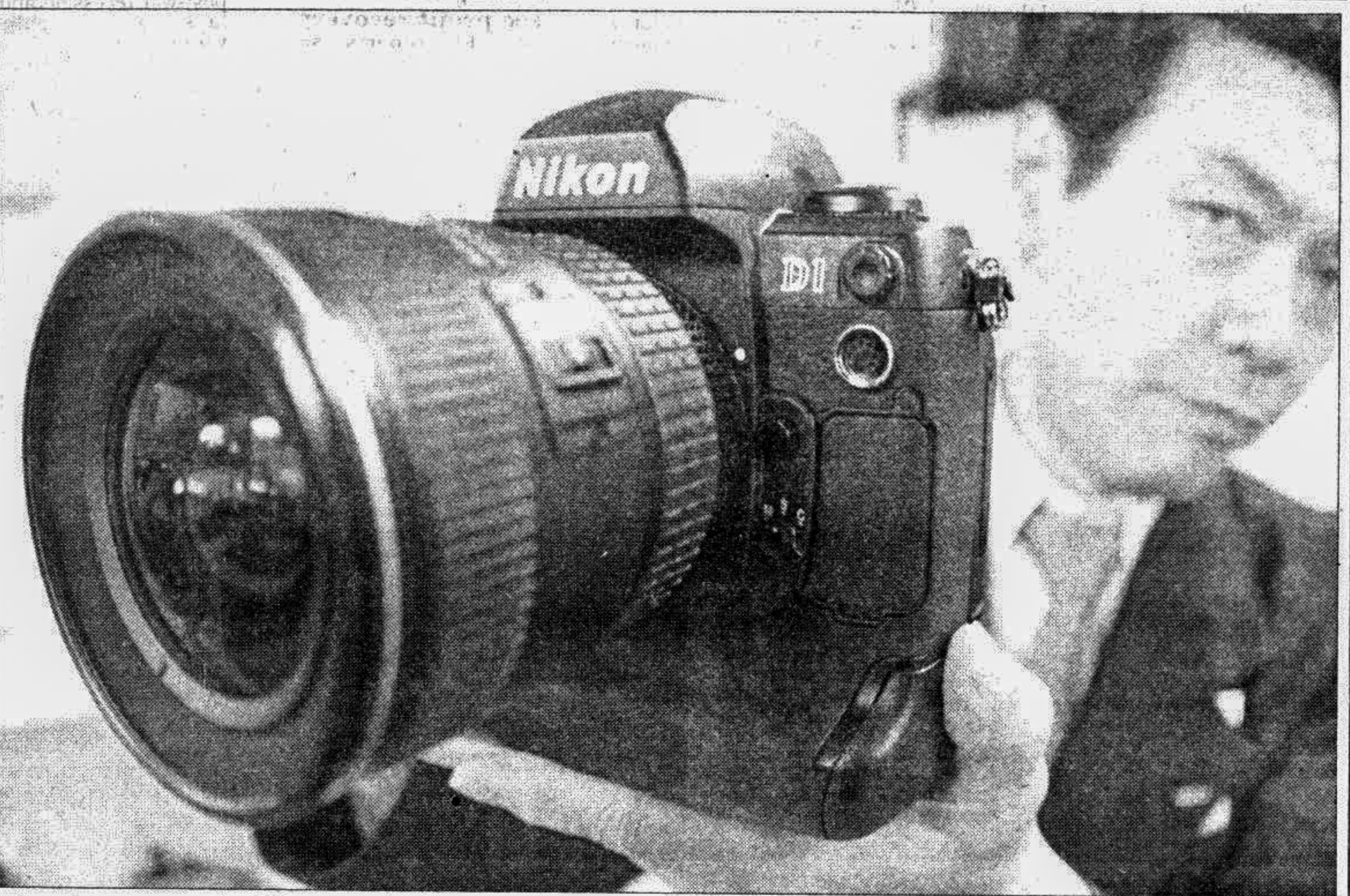
store all its products to Belgium's shelves.

"We're looking forward to meeting with the ministry tomorrow to present data we hope will allow the ministry to continue our product line," Baskin said.

M Douglas Ivester, the chairman of Coca-Cola, expressed deep regrets to European customers Wednesday and promised the company "will not rest" until it ensures all of its products meet the highest quality standards.

Coke insists there was no toxic contamination of its drinks, but said substandard gas used to put fizz into the drinks at the Antwerp plant produced an off taste, while fungicide used on crates in Dunkirk, France just across the Belgian border, was absorbed by the underside of cans giving off an "offensive odor."

Coca-Cola Belgium said it would reimburse medical costs of anyone who produced a doctors' certificates showing drinking the company's products had made them ill.



Japan's camera maker Nikon unveils the new professional digital SLR camera D1 with AF-S Zoom-Nikkor 17-35mm f/2.8 lens in Tokyo Friday. The D1, equipped with 2.74 million pixels CCD and 2-inch LCD monitor on its body, is expected to be put on the market from September with a price of 650,000 yen (5,400 USD). — AFP photo

# ROK to pursue reforms even if growth slows

SEOUL, June 18: South Korea's finance minister said on Friday the government would pursue economic restructuring even if it means slower growth, says Reuters.

"Faithful implementation of restructuring plans remains the government's top policy priority even at the cost of slower economic growth," Finance Minister Kang Bong-kyun said in a speech at the breakfast meeting of senior newspaper and broadcast editors.

The remarks came a day after he emphasised the government would push ahead with a requirement for large business conglomerates to cut the debt-to-equity ratios of their affiliates below 200 per cent by the end of this year.

South Korea's gross domestic product grew a real 4.6 per cent in the quarter to March from a year earlier, following a 5.3 per cent decline in the previous quarter.

The government now expects GDP to grow by about five per cent for 1999, compared with a

5.8 per cent contraction in calendar 1998, the economy's worst performance on record.

A recent Reuters poll of 10 research houses produced an average forecast for GDP growth of 4.8 per cent this year and 4.5 per cent next year.

Some analysts have raised concerns that the economy's rapid recovery from last year's severe recession could lead to companies becoming complacent about their restructuring efforts.

"There are even concerns that the pace of economic recovery is too fast. Regarding these concerns, the government thinks there is nothing to worry about, under the assumption that restructuring is promoted with consistency," Kang said.

He said the economic recovery would contribute to increasing the government's revenue this year by about five trillion won (\$4.3 billion) and the government would spend half of the money to offset this year's budget deficit.

"Consequently, this year's budget deficit will fall to about four per cent of GDP from the earlier expected five per cent," Kang said. In 1998, the country's GDP amounted to 449.51 trillion won at current prices.

He said the trend, combined with the government's efforts in other sectors, would help the nation achieve a balanced budget two to three years ahead of its 2006 target.

The other half of the increased revenue would be spent to support financial and tax favours for business start-ups and to help workers through soft loans, he added.

The government planned to draft a supplementary budget scaled at 1.1 trillion won, Kang said, without giving a time frame for the extra budget.

He said the government would allow employee stock ownership cooperatives, usually allocated for some 20 per cent of rights issues, to sell their shares after holding them for one year.

# PDIP leading in incomplete election results IMF officials meet Megawati on economic policies today

JAKARTA, June 18: The IMF will meet with Indonesian opposition leader Megawati Sukarnoputri this week, in an effort to convince her of the need for continuity in economic policies, the fund's Asia Pacific Director Hubert Neiss said yesterday.

Neiss said the meeting with Megawati, whose Indonesian Democracy Party Struggle (PDIP) has a commanding lead in incomplete results from the country's national elections, would take place in Jakarta Saturday, says AFP.

"We will discuss the need to continue the economic programme and to convince (them) that there should be maximum continuity of economic strategy, so whatever new government (comes to power) they will continue the basic strategy," he said.

He said that as well as holding talks with Megawati, he and IMF Deputy Managing Director Stanley Fischer will also meet

presidential advisers, political leaders and government representatives. Fischer is due to arrive here Friday.

"And as you know, the basic strategy is further reduction of interest rates, an expansionary fiscal policy, banking restructuring especially (of) state banks now and corporate restructuring."

"This will not only boost recovery but also make sure the recovery will be durable," Neiss said on arrival at Jakarta's Suharno Hatta airport, AFP-Asia, an AFP financial affiliate said.

Commenting on recent sharp gains in the rupiah, Neiss said the currency's current level did not yet hurt exports.

He also said further moves in the rupiah should be left to the market.

"If it appreciates it will help to reduce interest rates. That will help the recovery," Neiss also said he was open to discussion with Megawati's

party on their suggestion that the rupiah rate be fixed.

"Don't fix it too early, it may firm further," he said.

"We will certainly be arguing about (it) (fixed exchange rate) at some stage when Indonesia's economic recovery has been completed."

PDIP's chief economist Kwik Kian Gie has aired his preference for a fixed exchange rate for the country's currency.

There will be a debate on the exchange rate system, "but the priority now is to get recovery going," he said.

"If that happens (recovery) the exchange rate will stabilise."

He said that at some stage the government would decide on the best way to manage the exchange rate, "but for the time being the government is continuing to (adopt) a flexible exchange rate system."

Asked if the firmer rupiah would help exports, Neiss only said: "It makes imports cheaper."

## 'Baht's stability more important than its value'

BANGKOK, June 18: Thailand's deputy finance minister said Thursday that the stability of the Thai currency, which has come back a long way from Asian crisis lows, is more important than its value, says AP.

In an interview with Dow Jones Newswires, Pisit Leachitman said that while exporters benefit from a weaker baht, corporations with foreign debt would prefer the currency to be stronger.

"We can't think only of exporters in setting baht policy," Pisit said. "There are people with foreign debt who want the baht to go the other way."

The baht was stable at about 25 to one dollar before the government was forced to break a currency peg July 2, 1997, under a wave of currency speculation.

The move triggered the regional financial meltdowns that became called the Asian crisis. By January 1998, the baht had fallen to 58 to the dollar.

The currency has steadily gained strength as Thailand has implemented economic reforms.

## UK inflation rate falls to six-year low

LONDON, June 18: The underlying rate of inflation has plunged to its lowest level for almost five years, according to the latest official figures released Tuesday, reports Xinhua.

The Office for National Statistics put the annual rate of underlying inflation in May at 2.1 per cent down from 2.4 per cent — the previous month — compared to the government's target of 2.5 per cent.

The figures for underlying inflation mark the biggest undershoot of the government's inflation target since it was adopted two years ago and are likely to raise hopes of a further cut in interest rates, already at a 22 year low.

The data will be keenly watched by the Bank of England's Monetary Policy Committee, which has pledged its readiness to reduce borrowing costs if inflation is set to undershoot.

After its monthly rate-setting meeting last week, the Bank's Monetary Policy Committee warned that inflation was falling below target rates.

However, Chancellor Gordon Brown said Tuesday he had no plans at present to change the Bank of England's inflation target nor to change the definition of inflation it uses.

"The setting of the inflation target is reaffirmed every year in the budget. I think it is right that we hold to the 2.5 per cent target as we have done this year," he told a parliamentary committee.