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# BUSINESS



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## US may ease limits on computer exports to India, China, Russia

WASHINGTON, July 2: Faced with video games that pack more computing power than supercomputers did a few years ago, the Clinton administration said yesterday it will ease restrictions on the types of technology US companies can export to nations like India, China and Russia, reports Reuters.

Bowing to the wishes of manufacturers, the administration relaxed a series of export limits. Unless Congress takes action to block the changes, most will take effect within about six months.

Had the export limits not been raised, non-US computer vendors were poised to grab business totalling $4 billion over the next four years, White House officials said. The rules also would have begun to apply to a host of consumer products like the upcoming Sony 6758.T Playstation II video game machine.

"If the president had not taken this step, this Playstation, which will be available at the holiday season this year, would be controlled," said Secretary of Commerce William Daley, holding up the purple, plastic machine at a White House press briefing.

Among the changes most desired by industry, the administration decided manufacturers could sell — without any advance notice to the government — computers capable of 6.5 billion operations per second to countries like China, India and Russia that are considered at risk for building nuclear weapons.

Under previous rules, manufacturers had to report every sale of machines capable of two billion operations per second to so-called tier 3 countries that also include Israel. The notification rule requires a 10-day delay to sales of such computers, a devastating disadvantage US manufacturers argued.

The latest Intel Corp. INTC.O Pentium III microprocessor chips used in millions of personal computers are rapidly approaching the two billion operation threshold and sales of machines containing multiple chips are well above the limit.

Sales of more powerful machines will still require a full-blown license from the government, meaning longer delays, but the administration also raised the thresholds in that part of the rules.

Sales to civilian customers in tier 3 countries will require a license if computers are capable of 12.3 billion operations per second, up from seven billion. Sales to military customers will require a license over 6.5 billion operations, up from two billion.

For countries less at risk of nuclear development, so-called tier 2 nations, the licensing threshold was raised from 10 billion operations to 20 billion, with a further increase to 32 billion or more expected in six months.

Changes to the tier 3 military customer export limits cannot go into effect for six months under a law passed by Congress two years ago. Lawmakers can override the decision during the delay.

White House officials said they planned to review the export rules again in six months but rejected an industry proposal to automatically raise the limits based on an index of computer speed or availability.

## Move to boost tech ventures
## Singapore relaxes bankruptcy laws

SINGAPORE, July 2: Singapore today announced moves to loosen stiff bankruptcy laws to encourage entrepreneurship in high-risk technology ventures as part of its drive to become a hi-tech hub, says AFP.

The revisions "promote responsible risk-taking by fostering a climate where business failure need not result in bankruptcy," said Teo Ming Kian, chairman of a government-backed committee laying the blueprint to boost Singapore's status as a center for technology entrepreneurship or "technopreneurship."

He noted Singapore's bankruptcy laws were cited as a sign of low tolerance for failure, and said the changes would "remove the social stigma associated with bankruptcy that arose as a result of taking normal business risks."

Among the revisions are moves to disallow bankruptcy petitions for debts smaller than 10,000 dollars (5,882 US). This change takes effect Saturday. Prior to the revision, the debt threshold for filing for bankruptcy was 2,000 dollars.

Bankrupts would also be allowed to continue as company directors and to do business with the permission of the official receiver, who could also discharge those who had been bankrupt for more than three years with debts of less than 500,000 dollars.

The government would also strongly consider the use of mediation in settling debts.

## CSE to expand share trade in Bogra, Jessore

SYLHET, July 2: In a bid to enhance public investment in share market, Chittagong Stock Exchange (CSE) will soon expand its share business in Bogra and Jessore, reports UNB.

CSE president Amir Khasru Mahmud Chowdhury MP disclosed it at a seminar in Dhaka on Thursday.

He said that a tower for CSE would also be constructed in Sylhet.

The Seminar titled "The scope of investment in shares and role of CSE in the expansion of share business" was jointly organised by the Sylhet Chamber of Commerce and Industry and Chittagong Stock Exchange.

Chaired by SCCI President Salwan Chowdhury, the seminar was attended by businessmen, newsmen, bankers and social workers.

## Bexim Bank Board meets

The first Board meeting of the newly-formed Bengal Export Import Bank Ltd (Bexim Bank) was held at a local Hotel recently, says a press release.

The meeting was presided over by one of the sponsor directors, Md Nazrul Islam Mazumder, Chairman of NASSA Group.

Shahjahan Kabir was elected first chairman of the bank for a two-year term.

Kabir is an experienced banker. He started his career in 1964 with the then United Bank Limited as officer after obtaining M A degree from Dhaka University in 1963.

He is also associated with many other social organisations in the country.

The bank was launched as a public limited company with a paid up capital of Tk. 45 crore (both sponsors and public) and its commercial operation will start soon, the release added.

## MAS to avoid Y2K-suspect routes Dec 31

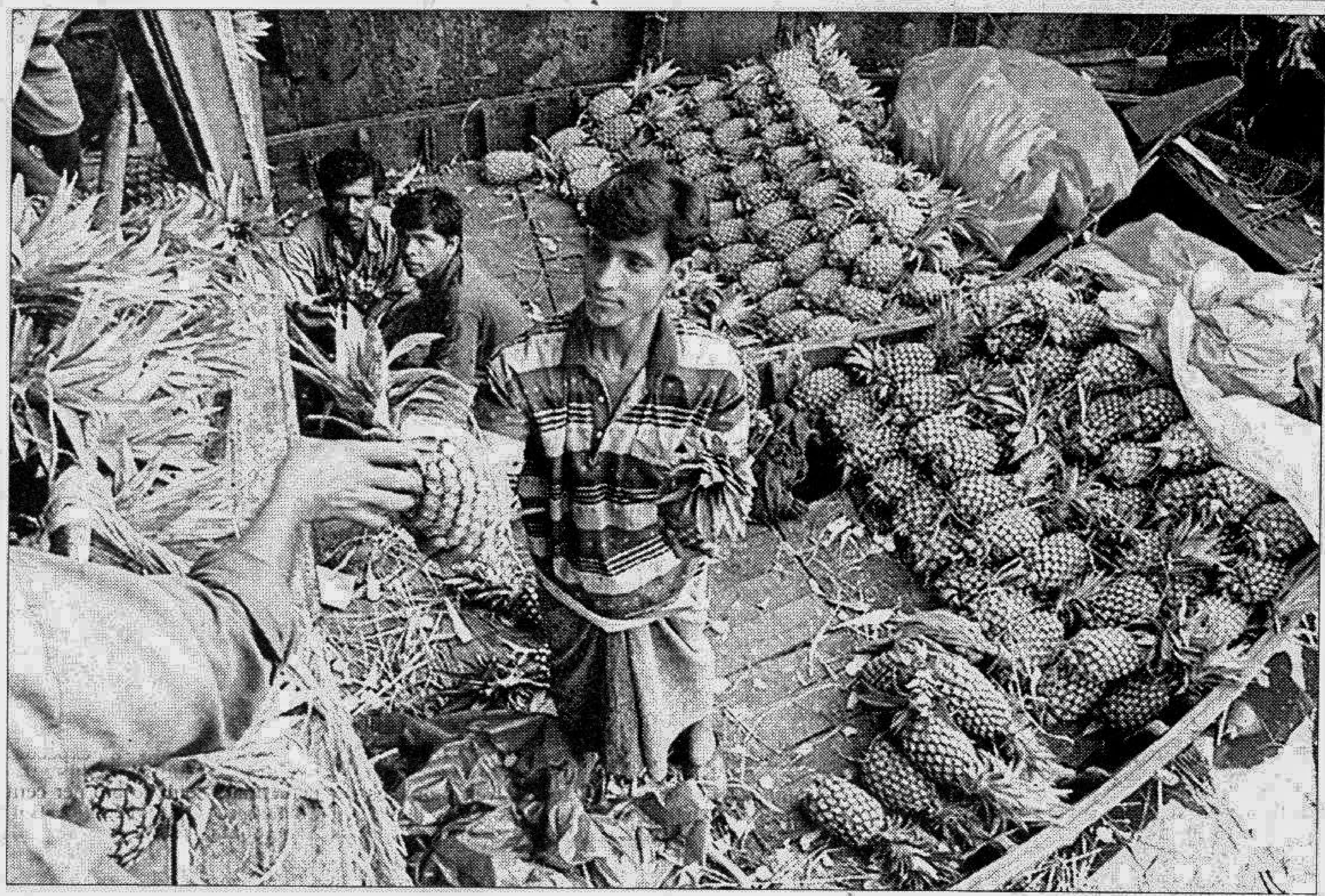
KUALA LUMPUR, July 2: Malaysia Airlines, the national carrier, will cancel flights on routes that are Y2K-suspect on Dec. 31, news reports said Friday, says AP.

"As always, the safety of our passengers will be of paramount consideration," the airline's media relations executive Jacqui Christi was quoted as saying by The Star daily.

She said the airline was monitoring all Y2K developments affecting the industry as it wished to minimise any disruptions.

Last month, Malaysia Airlines said it hoped its critical systems would be Y2K-compliant by September.

A management team formed by the airline was expected to spend 104 million ringgit ($28 million) to achieve this target.



A fruit trader sells pineapples to a ferry passenger from a boat at Dhaka's Sadarghat Terminal on Friday. The traders buy the seasonal fruit from farmers in villages and carry to Dhaka and other cities by boats. — AFP photo

## Indonesia lowers crude palm oil export tax

JAKARTA, July 2: The Indonesian government has cut an export tax on Crude Palm Oil (CPO) from 30 per cent to 10 per cent, Trade and Industry Minister Rahardi Ramelan said today, reports AFP.

"The CPO export tax has been lowered significantly from 30 per cent to now 10 per cent," Ramelan said.

He added that export taxes on CPO derivatives had also been lowered by varying degrees, and that tax had been scrapped entirely on some products.

"The consideration is because the price situation in the world market is currently weakening," Ramelan said.

Ramelan said the new rates would take effect once the finance ministry issued a decree.

A finance ministry spokesman said the ministerial decree is "still being prepared and could be available on Monday."

Indonesian officials have estimated CPO production to reach 6.9 million tonnes this year, or 2.8 million tonnes above domestic demand.

CPO production would reach 7.4 million tonnes in the year 2000 and 8.6 million tonnes in 2001, against projected domestic demand of 4.5 million and 5.1 million tonnes.

## China's bid to enter WTO
## Japan wants to strike deal this week

TOKYO, July 2: Japan is keen to strike a deal with China on Beijing's bid to join the World Trade Organisation before Prime Minister Keizo Obuchi visits China next week, but there are doubts whether a pact can be sealed in time, reports Reuter.

Japanese government officials said this week an agreement may not be reached in time for Obuchi's three-day visit from July 8, since the two countries are still far apart on Tokyo's demand for China to further open its service sector to foreign competition.

Japan wants China to grant foreign firms access to its service sectors, such as distribution, construction, telecoms and financial services, in exchange for formalising its oft-pledged support for Beijing's bid to join the WTO.

"We are hoping to reach an accord by the time the prime minister visits China. But wide gaps remain in some areas," a Japanese Foreign Ministry official said.

"We have been holding bilateral negotiations at various levels intermittently," he added. "China is a tough negotiator and we do not want a settlement with which we are not fully happy."

The official said China is being particularly tough on foreign access to its telecoms and construction markets.

Under WTO accession rules, any WTO member can request two-way talks with a proposed member and thus effectively block its entry until bilateral trade differences are resolved.

Officials said fraying of Sino-US ties following NATO's bombing in May of the Chinese embassy in Belgrade was affecting the bilateral talks between Tokyo and Beijing.

"China hardened its stance, apparently because of the strained relations between China and the United States," one Japanese official said.

Washington, meanwhile, is watching over Tokyo's shoulder to make sure it does not cut a deal just for the sake of making Obuchi's trip a success.

"We are doing our best to conclude the negotiations by the time the prime minister goes," one government source said.

Beijing, though, may not be able to drag its feet too long because its Taiwan is stepping up its own efforts to become a full WTO member, the first official said.

## India may achieve self-sufficiency in power by 2007

MADURAI, July 2: India could achieve self-sufficiency in power by the year 2007, provided power projects were set up at the present rate and capacity of thermal units was maintained, Union Power Minister Rangarajan Kumaramangalam said yesterday, reports PTI.

He told reporters here that an amount of Rs 64,000 crore was needed to overcome the shortfall in power, which was presently 16,000 mw. If current and future demands were taken into consideration, India would require additional power of 40,000 mw in the next 10 years, he said.

Kumaramangalam said the shortfall in the Southern Grid was presently 2,500 mw. Karnataka was drawing more electricity from the grid, leading to problems in other states. Tamil Nadu would attain self-sufficiency in power by the year 2002, once on-going projects were completed, as its shortfall was only 600 to 700 mw, he said.

## 13,000 city phone subscribers face frequent troubles

Subscribers of some 13,000 telephones, both digital and analogue, in the city are facing serious problem as their telelinks have been giving frequent troubles for a long time, reports UNB.

Out of the 13,000 phones under Kamalapur, Goran and Mugdapara camps, 500 to 600 remain inoperative while the rest go out of order occasionally or experience repeated cross-connections and "ghost sound" problems, officials said.

The problem areas falling under these camps are Malibagh, Shantibagh, Shaheedbagh, Kamalapur, Goran, Shahjahanpur, Khilgaon, Mugdapara, Nandeepara and Banasree.

Many people of these areas gather everyday at the camps or concerned engineer's office only to hear words like "have patience" or "wait".

Problems of telephones under another division in the adjoining areas is not such acute, but many of them face cross-connections, officials said.

They said reports of similar problems, dead telephone, cross connections or "ghost sound" were also received from Mirpur as well as the old parts of the capital, including Gandaria, Jatrabari and Sayedabad.

The officials blamed the old network system for the constant problem in the areas on both sides of the Biswa Road, especially on its eastern part, which is called "crisis zone" by the Telegraph and Telephone (T&T) Board.

As per old system, the cable line was installed underground without any cover. Water enters into the wire causing partial or total breakdown of the telecord.

As water entered into the network cables of Kamalapur, Goran and Mugdapara camps during last year's devastating flood, it started giving problems from January last.

"Cable line doesn't cause problems immediately after water enters into it. It takes some time and at one stage spreads to the entire network," said one official at the T&T Board.

The problem in the division became intense with the beginning of the rainy season as fresh water started entering the network. It caused more trouble with significant rains last month.

"My telephone is silent since June 17. I have been going to the camp and concerned engineer's office almost everyday," said a resident of Shaheedbagh. He also expressed surprise as to how his digital connection got affected by water.

Officials said that both digital and analogue lines could be affected by water. "Digital line means their switches are digital. But this type of phones could also be affected if the cables are not covered, which also may be damaged due to various types of works by the City Corporation or WASA," said one official.

Concerned officials said they are trying their best to remove the sufferings of telephone subscribers.

An engineer said that the problems with 13,000 telephones in the region will be solved after completion of the second phase project of the T&T Board. It is expected to be completed by the year-end.

He also mentioned that they have to take more time in solving cable line problem as they need permission from the City Corporation and Dhaka Metropolitan Police to work on road.

## ICMAB Chittagong branch holds budget discussion

The Chittagong branch of the Institute of Cost and Management Accountants of Bangladesh organised a discussion session on national budget 1999-2000 at BPC Training Centre at Agrabad in Chittagong recently, says a press release.

Abdul Majid Khan, FCMA, presided over the session while Md Mohiuddin, FCMA, past president of the institute was present as chief guest.

Fariduddin Ahmed, FCMA, Planning and Supply Manager of GlaxoWellcome Bangladesh Ltd, was the key-note speaker.

A large number Chittagong based members of ICMA attended the session.

In his speech, the chief guest advised the members to ascertain the impact of national budget on 'profit & loss' and "fund flow" of their respective organisation.

The speakers pointed out that a total revenue increase has been estimated over 20 per cent of last year which may not be realised and if so, it may necessitate cut in expenditure.

The appointment of inspecting firm by the government for pre-shipment inspection and service charge thereof may create complications.

The speakers also noted that the expenditure proposal for unproductive sectors should be curtailed. They also congratulated the government for broadening the tax base and taking measures for boosting exports.

## *1.5b people live on less than $1 a day*

GENEVA, July 2: More than 1.5 billion people — a quarter of the world population — lived on less than $ 1 a day in 1998, a United Nations report said yesterday, reports Reuters.

The report by the UN Department of Economic and Social Affairs said that despite a two per cent gross domestic product (GDP) growth in the developed world in 1998, the average rate in developing countries slumped to 1.7 per cent from 5.5 a year ago.

China and India bucked the downward trend in the developing world, showing GDP growth rates of 7.8 per cent and six per cent respectively in 1998, according to the report.

Despite signs of stabilisation on global financial markets and better prospects for the world economy in 1999 following an easing of monetary policies, the improvement will be limited, the report said.

"Adjustments in real economic sectors will take a much longer period of time to be implemented and to bear fruit than changes in financial and monetary indicators," it added.

The report was issued ahead of next week's annual meeting in Geneva of the United Nations Economic and Social Council (ECOSOC) where governments and UN agencies are expected to adopt a global action plan to halt the spread of poverty.

Malaysian Prime Minister Mahathir Mohamad (R) signs a plaque to officially open the new Intel Corp. building, on Friday, accompanied by Penang chief minister Koh Soo Khoon in the northern state of Penang. — AFP photo

## Daewoo group dismisses 33 unit chiefs

SEOUL, July 2: Daewoo group dismissed 33 of its 50 subsidiary presidents as part of an effort to speed up cost-cutting at the conglomerate, company officials said Thursday, reports AP.

The move came one day after all of the 50 presidents tendered resignation letters and vowed to work without getting paid until the business group's restructuring plan is completed.

The remaining 17 presidents will work without salary as promised Daewoo officials said.

Kim Tae-gu, who has been in charge of the restructuring, became new president of Daewoo Motor. Former president for the carmaker, Kang Byong-ho, was appointed president of Daewoo Telecom.

In April, Daewoo announced plans to sell off its shipbuilding and other key businesses to improve its financial position.

## *ROK, Indonesia tipped as born-again Asian tigers*

LONDON, July 2: Ask emerging markets experts to tip some born-again Asian tigers and one front-runner is predictable — South Korea. Another is not for the faint-hearted investor, it is Indonesia, reports Reuters.

Two years after the Asian crisis began, Reuters asked 25 economists and fund-managers in Asia, Europe and the United States to forecast which emerging economies would produce the best investment returns in the coming 12 months.

Asia, all but written off until a rebound began late last year, emerged as the region mostly likely to perform. Within Asia, South Korea and Indonesia were the most popular bets along with Thailand, the first country to succumb to Asian contagion.

The reasons were very different. South Korea, which was on the brink 18 months ago, is recovering strongly. The main worry there is that lower risk may mean lower returns.

Indonesia is the opposite. It has scarcely passed the low point of its crisis and offers spectacular profits if all goes well — and spectacular losses if things go wrong.

Investors are ready to dip into countries they would scarcely have touched very recently. "Our appetite for risk is a lot greater than it was six months ago," said Alistair Thompson of Edinburgh Fund Managers.

The economists were canvassed before the US Federal Reserve raised its main short-term interest rate by a quarter percentage point on Thursday to 5.0 per cent. The rise had been expected and the Fed reassured many in the emerging markets by hinting that rates were unlikely to rise again for a while.

"We see the best returns in the crisis economies," said Thompson. "In Korea we may have seen interest rates close to the bottom. Thailand has a bit further to go and Indonesia much further to go."

Indonesia could offer 50 per cent returns in the next year but he added : "Indonesia is very, very high risk."

Not everyone is bullish on Indonesia, which is struggling to establish a stable democracy following elections last month. "I'm still cautious about Indonesia. I'll believe it when I see it," said Charles Blitzer at Donaldson, Lufkin and Jenrette.

Would be Indonesian investors also need to know where to put their money.

"Potentially it's a winner across the region but that's if you invest in the right companies in the right sectors," said Bhanu Baweja at IDEA-global.com in Singapore.

South Korea led the Asian recovery but the problem is it is no longer a bargain like Indonesia. On equities, the KOSPI Index has jumped from under 300 points last September to over 900. In dollar terms it is close to where it was before the crash.

Some felt there was still money to be made there.

"I think Korea is on the firmest footing because the recovery is locked in, and also we're seeing domestic demand recover," said Helen Camp, head of market economics at Westpac Banking Corp in Sydney. "There will be structural reform. but I don't think it's going to be pursued so aggressively that it substantially weakens the economy.

Leading countries in the rebound have undoubtedly overcome the immediate crisis of collapsing currencies and stock markets. But have they have tackled the problems which started the crisis such as poor company management, cronyism and bad bank loans?

"The Asia-Pacific recovery has further room to run," said Mina Toksoz at ABN Amro in London. "However, restructuring is something that is very much trailing behind the stabilisation of the economies," she said, citing serious problems with the banking sector and huge industrial overcapacity.

Singapore scores highly on restructuring and its recession was short and shallow. Again it doesn't come cheap. The Straits Times stock index closed on Monday at a record high.

Two tigers of the boom years have yet to be born again — China and Hong Kong. These two helped to stop the Asian rot by resisting the wave of regional currency devaluations.

Hong Kong is paying the price for keeping its dollar pegged to the US dollar.

Any decision to scrap the peg could undermine the Chinese yuan. "The flipside is that (the peg) is a pillar of stability although in an economic sense it is holding up reform," said Thompson at Edinburgh Fund Management.

Any yuan devaluation could set off another cycle of devaluation and crisis around the region. "China is the biggest risk to recovery in Asia," said Toksoz.

## US growth needs to slow, says IMF

WASHINGTON, July 2: The IMF yesterday urged the United States to consider steps to slow the pace of economic growth and urged authorities to resist using trade laws to thwart foreign competition, says AFP.

"Unless there is evidence soon that the strength of demand growth is abating, the authorities may need to move to tighten monetary policy to ensure that the expansion remains on a sustainable, noninflationary path," the International Monetary Fund said in its annual review of US economic performance.

"Since economic conditions in the rest of the world and in global financial markets have improve somewhat, a modest tightening would have a less damaging effect that it would have had earlier."

The IMF assessment was released by the US Treasury just hours ahead of an expected announcement from the Federal Reserve of a quarter-point increase in base US interest rates.

Fed Chairman Alan Greenspan, citing a buildup of potentially inflationary pressures, earlier this month made a case before Congress for a modest, preemptive Fed intervention.

"The policy challenge for both the United States and its international partners will be to ensure that a restoration of a more evenly distributed pattern of demand growth is accomplished in a nondisruptive manner," according to the IMF.

It warned that the US economy, while currently enjoying benign inflation, "still faces resource constraints" and said strong growth in consumer demand "cannot be sustained for very long without having inflationary consequences."