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# The Daily Star BUSINESS

DHAKA, SATURDAY, JUNE 17, 1999

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## Major step towards breaking leadership deadlock

# Thailand assents to second WTO term for Supachai

BANGKOK, July 16: Seeking to break the deadlock race for the leadership of the World Trade Organisation, Thailand agreed Friday to let its candidate, Deputy Prime Minister Supachai Panitchpakdi, take the second half of a proposed job-sharing plan, reports AP.

That would clear the way for former New Zealand premier Mike Moore, who has been unable to break strong Asian support for his Thai rival in months of bitter campaigning, to go first in a solution that would give each man three years at the helm.

Foreign Minister Surin Pitsuwan told a news conference that Thailand's offer depended on Supachai, also the country's commerce minister, being given a completely free hand to run the 134-member organisation during his term.

"In serving the second term, we want an agreement that Dr Supachai must be appointed to the position unconditionally," Surin said.

The offer could be the breakthrough needed to clinch a deal. Surin said no letter would be sent to WTO representatives in Geneva, and that his announcement to the media would suffice.

Surin said the term-spoil would benefit all members of the organisation.

The offer came a day after representatives to the WTO in Geneva postponed a meeting to receive more instructions from their governments.

The plan to give each candidate three years as WTO director general has been proposed by Australia after it became clear that neither would be able to defeat the other to win a tradi-

tional four-year term.

Moore was strongly backed by the United States, most European countries and Latin America. Supachai was championed by Japan and the rest of Asia.

The organisation traditionally makes decisions by consensus, so a vote was ruled out. Supporters of neither man were ready to withdraw their candidate in favor of the other.

It was unclear whether Supachai's supporters were on board to cede the first term to Moore, though the Thais have been careful to sound out their supporters before making major announcements.

The first term was seen as the plum position because the new director-general will have a major agenda-setting role for a new round of world trade talks to be launched in Novem-

ber in Seattle.

But the deal will likely be finalised in the second term. The past round of world trade talks, under the WTO's predecessor, the General Agreement on Tariffs and Trade, took seven years.

A draft text presented in Geneva states that the first director-general should serve from September 1999 to August 2002. The second would be in office until August 2005.

Neither man would be allowed to extend his term or be reappointed.

The compromise followed months of missed deadlines. The previous director general, Renato Ruggiero of Italy, retired April 30.

Speaking in Bangkok on Thursday, Supachai said he was ready to accept power-sharing as long as the terms were equal.

## Deutsche Bank weekly report says

# India on strong recovery path despite turmoils

BOMBAY, July 16: Deutsche Bank DBKG, F said today it expects India to be one of the fastest growing economies in the world over the next two years, reports Reuters.

The Indian economy is on a strong recovery path despite political turmoil and the Kashmir conflict, the bank's latest weekly report on emerging markets prepared by regional economist Sanjeev Sanyal said.

"Virtually all indicators suggest an economic revival; fiscal revenues are rising, exports are up and demand in many key sectors has improved, the report said.

Deutsche Bank said it had upgraded its forecast of gross domestic product to 5.8 per cent for 1999/2000 (April-March) and to 6.7 per cent for the next fiscal year.

The report said while data supporting the revival theory

was available only for a few months, the breadth of data could not be ignored.

The rise in industrial production in April, a 23 per cent growth in cement sales in the first two months of the year, a 21 per cent rise in government revenues in April-May and a 12 per cent increase in exports in May all suggested an economic revival.

The factors driving the revival are the positive supply-side effect from a bumper winter crop and the accommodative monetary stance of the Reserve Bank of India (RBI), the report said.

"The Reserve Bank's 100 basis points reduction in interest rates in March and the improved competitiveness of the Indian rupee are important factors that have helped the economy revive despite the collapse of the Bharatiya Janata Party-led coalition and the resultant

delay in implementing reforms," it said.

Deutsche Bank estimated the direct fiscal cost to India of the Kashmir conflict at 24 billion rupees.

Pakistan last weekend agreed to withdraw infiltrators on the Indian side of the military control line in Kashmir after a two month ground and air offensive by Indian forces.

"After accounting for the additional cost of holding elections, the central government's fiscal deficit will amount to 6.3 per cent of GDP this year compared to six per cent in 1998/99," the bank said.

"This is not sustainable in the long run but is acceptable under current circumstances since financing is assured," it said.

India goes to polls in five phases from September 4 to October 1.

## SCB concerned over reefer container dearth at Mongla

Hasan Maniruzzaman, Chairman of the Shippers' Council of Bangladesh, has expressed his deep concern over the acute shortage of reefer containers and carrying vessels at Mongla Port through which the major portion of the country's frozen food is exported, says a news release.

He stated that more than 20 frozen food-loaded containers are now stranded at the port for want of carrying vessels. A large quantity of exportable frozen foods lying at the godown cannot be stuffed for death in empty reefer containers. At least 40 empty reefer containers are required immediately for stuffing these.

Maniruzzaman apprehended that exporters who cannot containerise and ship their exportables in time have a chance of losing export market. This may have its adverse effect on the country's foreign exchange earnings, he said.

He urged the Ministry of Shipping, Director General Department of Shipping and the Mongla Port Authority to take immediate steps to making available the required number of empty reefer containers and carrying vessels at Mongla Port.

## UK mortgage lending up 27 per cent

LONDON, July 16: The value of gross mortgage advances in Britain in June was 10.1 billion pounds, 27 per cent up on June 1998, Barclays Plc BARC.L said today, reports Reuters.

The British bank forecast 1999 would be the first 100 billion pounds (\$157 billion) year for mortgages, following a first half when lending fell just shy of 50 billion pounds, and said nearly half of homeowners believed their property would rise in value, up from around 40 per cent last September.

"Although 1999 looks like being a record year for mortgages, this does not necessarily mean we are seeing a housing market boom," Barclays mortgage director, Jim Chadwick, said.

"Housing turnover is still subdued relative to historic levels. So it remains to be seen whether the current recovery will gather momentum."

Fewer people, around 1-in-15 from a previous 1-in-13, were prepared to put their house on the market, Barclays said.

Barclays said the mortgage data were based on the flow of funds through solicitors' deposit accounts, of which its market share is around 30 per cent. Most of those funds are for mortgage advances and are drawn from the full range of mortgage lenders, not just Barclays.

## Spanair strikes deal for 14 Airbus aircraft

PARIS, July 16: The Mallorca-based airline Spanair has signed an agreement to buy 14 single-aisle Airbus planes, the European aircraft consortium said Friday, reports AP.

Spanair, a joint venture between the Spanish tourism group Marsans and Scandinavian Airlines System, has ordered 10 A320 and four A321 single-aisle aircraft, Airbus said in a statement.

Airbus and Spanair declined to provide a value for the order. The deal is worth \$730 million, according to catalog prices for the aircraft.

Spanair, which serves the Canary and Balearic Islands, also said it would operate seven additional Airbus A320s belonging to leasing companies, Airbus said.

To date, Airbus said it has received more than 2,110 orders for A320 Aircraft from 90 customers, of which 1,000 aircraft are currently in service with 87 airlines.

## Bribery charges ROK ex-finance minister faces arrest

SEOUL, July 16: Former South Korean Finance Minister Lim Chang-yul faced arrest today on bribery charges, a day after his wife was arrested, an official at the prosecutors' office in the west port city of Incheon said, reports Reuters.

"We have requested an arrest warrant (for Lim) for having taken bribes," said the official who declined to be identified. He did not elaborate.

Lim, who was elected governor of Kyunggi province in June last year, was expected to come under pressure to resign that post, local media reported.

The prosecutor's office said it arrested Lim's socialite wife Joo Hae-ran late on Thursday. She was charged with accepting a 400 million won (\$386,696 dollars) bribe from a former executive of the failed Kyungki Bank as it tried to avoid closure.

National television network Korea Broadcasting System showed prosecutors, after serving Joo with her warrant,



A Thai woman takes a close look at a Barbie doll decorated with 114 diamonds totalling 6.8 carats, and 24.1 grams of gold on Friday. The doll is one of the collector edition dolls on display in Bangkok to mark the 40th anniversary of the Barbie doll. The doll will be put on auction in September.

— AFP photo

## Building Products Ltd launched

The launching ceremony of Building Products Ltd. (BPL), a subsidiary of Sheltch Group, was held yesterday in its Ashulia factory premises, says a press release.

The ceremony was presided over by Tapan Chowdhury, Chairman of Sheltch and Managing Director of the Square Group.

Dr. Toufik M. Seraj, Managing Director of the Sheltch Group, introduced BPL products like concrete hollow blocks, pavement blocks etc to the engineers present. The construction process was also shown in details.

In his paper titled "Potential use of block masonry in building structures," Dr. Salek M. Seraj, Professor of Civil Engineering, BUET, appraised the participants of the role of block masonry in economic, speedy, architecturally-attractive and environmentally-friendly construction of various building structures.

Among others, Project Manager Manzurul Haq and Deputy Chief Engineer Nazrul Islam of Sheltch spoke on the occasion.

## Rouble keeps on rising

MOSCOW, July 16: The rouble rose against the dollar for a sixth straight day Friday, after a top official said the Central Bank was spending its hard currency to prop up the Russian currency, reports AP.

The rouble strengthened to 24.32 against the dollar on the Moscow Interbank Currency Exchange, up from 24.33 the day before. Trading volume stayed largely unchanged at just under \$130 million.

First Deputy Prime Minister Viktor Khristenko said Thursday that the Central Bank sold dollars for most of last week to defend the rouble. When the bank spends its hard currency to buy roubles, it adds to the demand for the rouble and therefore causes its rate to go up.

The method depletes the bank's already paltry foreign currency reserves, however.

The Central Bank reported Thursday that its reserves of gold and foreign currency fell \$300 million to \$11.8 billion by July 9 — down from \$12.1 billion on July 2.

## Corporate restructuring hurts consumer sentiment in Japan

TOKYO, July 16: The government said Friday that the economy is in a "vicious cycle" in which increasing corporate restructuring blocks improvement in the consumer demand needed to boost growth, reports AP.

The assessment came in Japan's annual report on the economy, released by the Economic Planning Agency.

The country has been in its worst recession in over 50 years. Unemployment has set record highs, consumers have been unwilling to spend and corporations have begun to aggressively reorganise.

The EPA said such restructuring hurts wages and employment, which in turn undermines growth in private demand, thus creating the vicious cycle.

An EPA official briefing reporters on the report stressed the need for the restructuring, saying that "while firms will reduce employment opportunities as a restructuring method, the most important thing is to raise their profitability."

Weak private demand was reflected in the cautious investment stance by households as they spent less on housing and other durable goods last

year due to uncertainty about future job security and income.

In 1998, average wages dropped for the first time since World War II, while the jobless rate touched a record high of 4.8 per cent in March and April.

On a more optimistic note, the report said the risk of Japan falling into a deflationary spiral has receded. Economic conditions, however, remain severe it added.

The report also said that the economy has gained from government measures, such as fiscal stimulus steps and the Bank of Japan's easy monetary policy. But attempts to spur private demand have so far failed.

Reflecting these public measures, gross domestic product expanded at an annualised pace of 7.9 per cent in the January-March quarter, while stock prices have risen, it said.

But the EPA also said that a recovery in private sector demand — which holds the key to Japan's prosperity — is likely to face an uphill battle and prove disabling to strong economic growth.

"The force of recovery in private demand is weak. In order for the economy to start recovering, there has to be a recovery in private demand while policy

effects provide support," the EPA said.

The release of the report comes after the EPA upgraded its overall assessment of the economy in a closely watched monthly report, released Monday. That report said that while the recovery remains fragile, the situation is improving somewhat.

"Government efforts to stabilise the financial sector have also paid off, providing fuel for a recovery in sentiment, the report said.

"Due to the public fund injections into some banks, concern about the financial sector has vanished," said the official.

According to the annual report, the 15 major Japanese banks which received public funds are set to increase lending by 0.7 per cent on year as of the end of March 2000.

The paper also said that banks disposed of 9.6 trillion yen (\$79 billion) in non-performing loans in the fiscal year through March 1999 as the result of the public fund infusion.

However, the EPA was cautious about the banks' financial standing, noting that they may accrue more non-performing loans if land prices drop further.

## Y2K bug scare Malaysian banks to stay closed Dec 31

KAULALUMPUR, July 16: Malaysian banks and finance companies will suspend all transactions on Dec 31, 1999 as a precautionary measure against the millennium bug, local newspapers reported Friday, reports AP.

The newspapers quoted Malaysia's central bank governor Ali Abul Hassan Sulaiman as saying business will resume on Jan. 3, 2000.

But he said banks' customers who needed cash could get it from teller machines during the suspension period, the New Straits Times said.

Still, Ali Abul said customers need not worry about their money in banks and finance companies as the financial institutions have conducted rigorous Y2K testing.

He said 95 per cent of the local banking and insurance industries achieved Y2K compliance by June 30. The remaining will be ready to face the new millennium by August.

The Y2K bug could jam systems in 2000 when computers confuse the new millennium with the year 1900 since early software writers used only two digits for the year to save space.



A bulletin board on a Taipei street shows figures from the Taiwan stock market tumbling 506.46 points, or 6.4 per cent, to close at 7,411.58 Friday on panic selling triggered by escalating tension with China.

— AFP photo

# Big US cities slow on their Y2K readiness

WASHINGTON, July 16: Many big US cities — including Los Angeles, Chicago and Washington — are leaving themselves surveyed — those with a population below 10,000 — say they have countywide emergency plans to cope with possible 2000-related disruptions to vital services, the National Association of Counties reported.

At issue are fears that some computers may crash or scramble data by misreading 2000 as 1900, the result of old space constraints that pared the date field to two digits.

Any such glitches, known as Y2K problems, could disrupt the provision of water and waste treatment, emergency services,

transportation systems, city government services and the operation of public buildings among other services.

The problem could also boggle systems that hinge on date-sensitive microchips, such as traffic signals, radio communications and 911 emergency services that rely on global positioning systems.

Dallas and Boston were alone among the 21 biggest US cities to report completion of efforts to deal with the so-called Y2K problem, the General Accounting Office said. The GAO is the audit and investigative arm of Congress.

Nine cities — New York; Houston; Philadelphia; San

Diego; San Jose, California; Indianapolis, Indiana; Jacksonville, Florida; Memphis, Tennessee; and Milwaukee — said they expected to complete preparations by Sept. 30.

The remaining 10 — Los Angeles; Chicago; Phoenix; San Antonio, Texas; Detroit; San Francisco; Baltimore; Columbus, Ohio; El Paso, Texas; and Washington — said they expected to be ready by Dec. 31.

Joel Willemssen, head of a GAO arm that tracks information systems, voiced concern about the laggards. He made his comments in a letter released at a hearing of the Special Committee on Y2K activities

in the last months of the year increases the risk that key services will not be Y2K-ready in time for 2000 because there will not be enough time to deal with unanticipated complications," Willemssen said.

"Given the amount of Y2K work remaining to be done in the last month of the year, contingency plans are critical to ensure that cities will continue to provide key services through the year 2000 date change," he added.

The Senate panel displayed a chart showing that only 43 per cent of the 21 cities' key systems were said by the cities themselves to be ready as of July for the date change.

The GAO carried out the study by interviewing city officials by telephone from June 28 to July 9.

Sen. Robert Bennett, a Utah Republican who heads the special Y2K committee, said he feared that many state and local governments were "leaving little room for testing, contingency planning and unexpected problems."

"Only very efficient executive-level management and contingency planning can sustain us through the upcoming historic date change," added panel Vice Chairman Sen. Christopher Dodd, a Connecticut Democrat.