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IMF team leaves Pakistan after ending talks

ISLAMABAD, Aug 28: An International Monetary Fund (IMF) mission left Islamabad today after concluding talks with Pakistani officials for the release of a loan tranche for a \$ 1.56 billion programme, reports Reuters.

There was no official comment on the departure of the IMF team, which arrived in Islamabad on August 14 and held detailed discussions with finance ministry officials.

Government sources said the team had finalised the contents of a letter of intent, which is expected to be signed next week, for the release of a \$280 million tranche.

Finance Minister Ishaq Dar said on Tuesday the talks proceeded smoothly and that he expected to sign the letter of intent by September 1.

IMF lending to Pakistan was suspended for several months in 1998 after the US led economic sanctions by the international community following Pakistan's May 1998 nuclear tests in reaction to tests by India.

The programme was restarted in January and Pakistan is expected to receive \$460 million in loans between now and October 2000, provided it meets reform promises made to the IMF. In May, Pakistan secured a tranche of \$51 million.

First pvt mutual fund to be launched today

Star Business Report

The first private mutual fund of the country will be launched today with the signing of a trust deed between the sponsors and the trustee of the fund.

Finance Minister Shah AMS Kibria is expected to witness the signing at a city hotel.

The sponsors of the fund are IPDC, Sandhani Life Insurance, Pangea Partners, IDLC, South-east Bank Ltd, Uttara Finance Limited, Sandhani Credit Cooperative Society Ltd and Bangladesh Industrial Finance Company Ltd, while its trustee is Bangladesh General Insurance Company Ltd.

Agreements will also be signed with the Standard Chartered Bank for custodian services.

The fund — AIMS First Guaranteed Mutual Fund — is expected to invite public sub-

scriptions shortly, according to officials of the fund manager at a pre-launching press conference.

The officials hope to get the authorities' approval within a week from the day of the deed signing.

The fund will be raised and managed by Asset and Investment Management Services (AIMS) of Bangladesh, a fund manager.

AIMS of Bangladesh is coming up with the fund years after the promulgation of the Securities and Exchange Commission Mutual Fund Regulation, 1997.

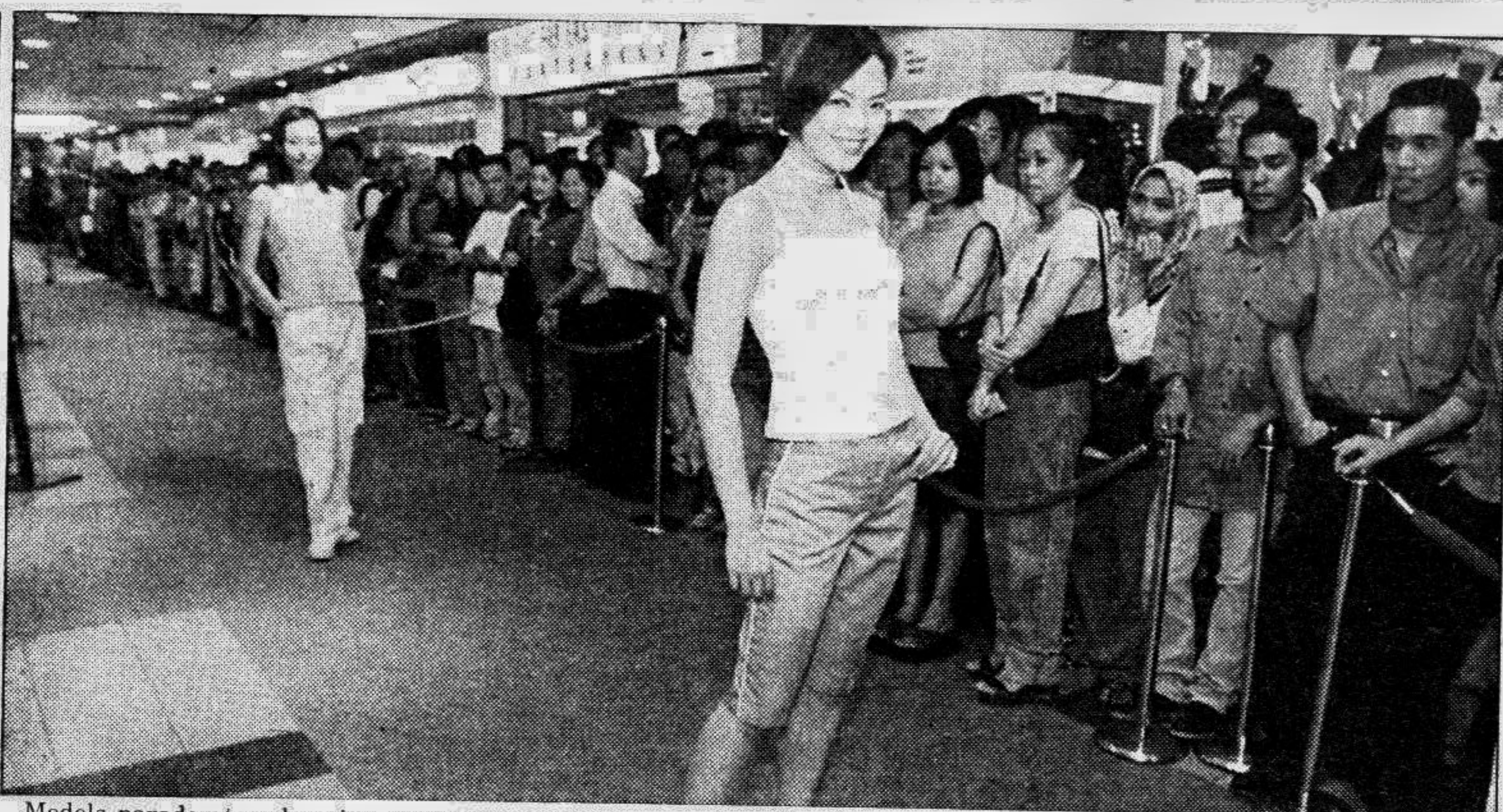
The size of the new mutual fund will be Tk five crore. Of the total amount, 40 per cent or Tk two crore will be provided by the fund sponsors, while the rest 60 per cent is expected to

be raised through private placement and public offerings.

The fund, which is meant to enjoy a five-year tenure, will be liquidated on its maturity at the end of the fifth year. An annual general meeting (AGM) of the shareholders will decide on extension of the fund's life on its expiry.

The fund will be a guaranteed one, meaning that investors will be assured of getting his or her money back, at least in the form of the face value, on its maturity or redemption.

The face value of each unit of the fund will be Tk one with 2500 units making a lot. Unlike traditional mutual funds in Bangladesh, the fund will be invested in both equity and fixed income securities.



Models parade at a shopping centre in Kuala Lumpur where the "longest catwalk promenade", between two shopping centres was held Saturday. The fashion show made its way into the Malaysian book of records with its 238 metre length of runway, which runs through two adjoining shopping centres. — AFP photo

GrameenPhone's Channel Sales Confce held

The day-long Channel Sales Conference 99 of GrameenPhone Limited was held in the city yesterday with representatives of 85 dealers and agents attending it at the Brac Centre Conference room, says a press release.

Welcoming the participants at the inaugural session, GrameenPhone Managing Director Trond Moe thanked them for distributing the company's product and called for further increasing the cooperation between the company and its dealers and agents. "We are selling quite well today, but we need to do much more. Our target is to double the subscription base every year for the next few years."

The Managing Director noted that GrameenPhone is going to focus on three things: best coverage all over the country; best customer service; and low start-up costs. "We sell our service through a wide network of dealers and agents and when we benefit, you also benefit," he told the participating dealers and agents.

Managing Director of Grameen Telecom Shahed Latif who also addressed the inaugural session, said the goal of the company was to provide access to telephones for all. "Our goal is to have mobile telephone in 40,000 villages. We want to provide access to a mobile telephone to all within a 10 minute walking distance."

Grameen Telecom, a subsidiary of Grameen Bank and a shareholder of GrameenPhone, administers and distributes the Village Phone product of GrameenPhone.

Earlier, Sales and Marketing Director of GrameenPhone Mehboob Chowdhury welcomed the participants to the conference and thanked them for their efforts in distributing GrameenPhone products.



Picture shows the officials and participants at the GrameenPhone Channel Sales Conference held at the Brac Centre Conference room in city yesterday. — GrameenPhone photo

Money laundering allegation against Russians Moscow joins global probe

MOSCOW, Aug 28: Russia's acting chief prosecutor said yesterday his country's security services had been ordered to look into Russian involvement in what has been billed as one of the world's biggest ever money laundering cases, says Reuters.

US and British authorities are investigating claims that Russian mobsters, businessmen and senior officials may have funnelled more than \$15 billion out of Russia through the Bank of New York, including aid from the International Monetary Fund.

Russian acting chief prosecutor Vladimir Ustinov said the

findings of the security services would determine whether his office launched a formal criminal investigation.

"But for this both our and foreign security services must look thoroughly into the matter," a spokesman for the prosecutor's office quoted Ustinov as saying.

USA Today newspaper said that US investigators, alarmed by the scale of the possible money laundering, in US and European banks, were expanding their probe to include a wide array of US aid programmes to Russia.

The paper quoted one top US official on the investigating

team as saying. "The more we dig, the more we find."

Britain's top crime investigation body said its inquiry into the laundering allegations could take months before reaching any conclusions.

"This is going to take some considerable time. It will be more like months rather than weeks," said a spokesman for the National Crime Squad (NCS), which is leading the British part of what is expected to be a worldwide investigation.

The probe, disclosed last week, is examining how the Bank of New York's internal checks failed to catch money alleged to have been funnelled through its branches by the Russian mob.

In New York, the lawyer of Natasha Gurlinkel Kagalovsky, one of two employees placed on leave by the Bank of New York until the investigation by US law enforcement officials ends, and her husband, Konstantin Kagalovsky, said the two were never involved in laundering money.



Moon H Lee, Deputy Managing Director of LG Electronics Inc, inaugurates the latest Butterfly showroom at Zigatola in the city Tuesday. Syed Asaduzzaman and L R Khan, Directors of Butterfly Marketing Ltd, and M M Ferdous, Manager (Admin) of the company, are also seen. The outlet will sell various LG Electronics appliances on cash or on easy installments. — Butterfly photo

Erratum

The headline of a news item on pre-shipment inspection (PSI) published in The Daily Star on Friday mistakenly read 'PSI to come into force by Oct 1'. The exact headline should have been 'PSI unlikely to come into force by Oct 1'. We regret the error.

Indian shares may be steady next week

BOMBAY, Aug 28: Indian shares were expected to stabilise at their current record high next week as the country gets ready to hold mid-term general elections, brokers said today, reports AFP.

The 30-share Bombay Stock Exchange sensitive index was up 224.85 points, or 4.8 per cent, to close trade for the week Friday at 4,870.66 points.

The broad-based 100-shares national index was up 94.02 points, or 4.5 per cent, to close the week's trade Friday at 2,183.88 points.

The BSE sensitive index closed Friday at a record high overtaking the previous record high set a day earlier.

Brokers said the market was very volatile during the week on expectations that the ruling Hindu nationalist-led coalition would win a clear majority in the elections.

"The market is unlikely to be very volatile next week. The current uptrend would continue, but we expect profit-taking to come in at intervals, keeping prices and the index at current levels," broker Ajit Ambani said.

Ambani said domestic speculators were expected to be active next week as well, but on more subdued and cautious note, awaiting the election results.

Y2K bug seen putting cash in US home owners' pockets

WASHINGTON, Aug 28: The millennium bug may crash computers and wreak havoc around the world, but the computer glitch could put cash in the pockets of American home owners just in time for Christmas, economists said yesterday, reports Reuters.

Many investors in countries such as Germany, France and Japan, as well as in emerging economies around the globe, are concerned their domestic financial markets may be vulnerable to the computer glitch.

Those worries, economists said, could unleash a chain of events that could boost the wealth of the average American by offering an opportunity to refinance home mortgages at attractive rates.

The potential year 2000 computer problem is caused by coding shortcuts taken in older computer programmes that might lead them to confuse Jan 1, 2000 for New Year's Day, 1900, potentially causing sys-

tem-wide shutdowns.

Jim Smith, chief economist at the National Association of Realtors, said investors in some countries might rush to invest cash in US Treasury securities, which are seen as a safe haven.

"That would push Treasury yields lower causing lower mortgage rates," he said. "Most analysts anticipate a flood of capital coming into the US in November and December," Smith said.

He estimates foreign investors could send between \$200 billion to \$300 billion into the United States in November and December as they attempt to protect their money from any effects the computer bug might have on their domestic markets.

That could push yields on the 10-year US Treasury bond, which is used to set US mortgage rates, down which could send mortgage rates lower by a full percentage point, he predicted.

"When capital comes to the US people want it to be safe. If some of that money goes into 10-year US Treasury securities then you could have a window for refinancing mortgages and buying homes around Thanksgiving," he said adding that mortgage rates could fall by a full percentage point, making it attractive for millions of Americans to refinance their mortgages.

Due to the costs in refinancing a home mortgage, rates typically have to dip by a full percentage point to make it worthwhile for the average home owner.

Bill Cheney, chief economist at First Union Corp, said the idea that millennium bug-related foreign capital inflows has generated much discussion among economists lately.

He said that foreign investors would typically invest in shorter term securities with maturities of a year or less meaning that any inflows might have little impact on the

Emirates SkyCargo updates website

Emirates SkyCargo has updated its Internet site with more information, more user-friendly, but the new look site has the same address: www.sky-cargo.com, says a press release.

The new site is the result of collaboration between SkyCargo and the Digital Publications Unit of Corporate Communications.

Ram Menen, Senior General Manager Cargo, said: "The latest technology has been used to ensure that our website is as up-to-date as possible, providing customers with all the information they require in a user-friendly way."

The new site has all the information previously provided plus more. Besides, it is simple, clear, easy to use and fast which we believe meets the requirements of users.

The new home page has a new, fast, direct link to SkyChain, Emirates' new cargo automation system which enables customers to check schedules and capacity, make bookings and trace and track in real time from anywhere in the world.

The trace and track facility is not new. Emirates SkyCargo introduced such a facility on its website in 1997 through a link to Cargo Connect, becoming one of the first airlines to do so. It is now available through SkyChain. On the updated website, this function is even easier because the buttons to access it appear on every page.

Compaq to cut 1600 jobs in S'pore

SINGAPORE, Aug 28: US computer maker Compaq Computer Corp. said today it would sack 1,600 workers at a Singapore plant, the third electronics company to report layoffs here this month, says AFP.

A spokeswoman said about 500 workers are expected to be made redundant by the end of the year with the rest due to leave by the end of the first quarter of 2000.

Overproduction and low prices are among problems faced by electronic companies here which are restructuring for greater automation to cut labour costs.

The affected Compaq work-ers assemble printed circuit boards for the company, which has decided to outsource assembly.

Compaq had said earlier it planned to lay off 8,000 workers worldwide after announcing a net loss of 184 million dollars for the second quarter.

Around 1,000 workers will continue to be employed by Compaq in Singapore after the redundancies.

Western Digital Corp. said earlier this month that it would lay off 2,500 workers by the end of the year.

Prime Bank's operating profit up by 102pc

Despite the difficult economic environment, Prime Bank Ltd saw an increase in its operating profit by 102 per cent to Tk 138.78 million during the first six months of the current year compared to the same period last year, says a press release.

The bank also made its mark in efficiently managing its loan portfolio by keeping the classified loans and advances at 1.98 per cent.

As a prudent measure, the bank has marked down the value of its investments in shares and securities to market prices as on 31-12-1998 and has complied with the International Accounting Standard (IAS-30) for protecting the interest of the investors as well as the depositors.

While there are few indications of a turnaround in the economic condition, Prime Bank Limited is well placed to take advantage of any improvement in market conditions.

Return of Assets was 4.32 per cent as of June 30, 1999 against 3.30 per cent as of June, 1998.

The bank is going to issue ordinary shares of Tk 200.00 million to the general public shortly to raise its paid up capital to Tk 400.00 million.

After issuance of the shares, total capital funds will amount to Tk 576.90 million with capital adequacy ratio at 17 per cent well above the stipulated 8 per cent.

1999 interim results (Audited)			
For six months to June 30	1999 Tk in million	1998 Tk in Million	Increase %
Deposits	6600.01	4474.70	47.50%
Loans and Advances	3618.45	1921.50	88.31%
Operating Profit before provisions	138.78	68.45	102%
Profit before tax	128.93	64.07	101%
Profit attributable to shareholders	51.57	25.62	101%
Earnings per share	Tk 69.38	Tk 34.22	102%
Capital Adequacy Ratio	11.20%	9.86%	14%

Thai advertising revenue rises 12 per cent

BANGKOK, Aug 27: Advertising revenue in Thailand was up 12 per cent year-on-year in July, a brokerage said Friday, in a sign of growing economic confidence after the crippling financial crisis, reports AP.

An ABN Amro Asia Securities report obtained by Dow Jones Newswires showed the strongest recovery was in newspaper advertising with a 22 per cent rise. TV advertising was up 10 per cent.

July's jump in advertising revenue gives us confidence that the economy is starting to grow again," the report said.

Advertising was among the sectors hardest hit by Thailand's crunching economic crisis that began in 1997.

The news comes on the back of indications that the economy is set to grow in 1999 after two years of contracting. Major concerns remain, however, about massive dud loans in the finance sector.

Deputy Finance Minister Pisit Leeahtam told Dow Jones on Friday that the government has revised its 1999 gross domestic product growth target to 3 per cent from 1 per cent. Some analysts are projecting 5 per cent. GDP is the value of all goods and services produced in the country.

French banking authorities rule against BNP in takeover bid

PARIS, Aug 28: French banking authorities dashed Banque Nationale de Paris' hopes of creating Europe's largest bank by ruling Saturday that it cannot keep its stake in its unwilling takeover target, Societe Generale, reports AP.

The early morning ruling, which came after an 11-hour marathon meeting of the Committee of Credit and Investment Institutions, culminated in France's most brutal takeover battle ever.

Taking into account the results of the takeover offer, BNP "doesn't hold in a patent manner an effective power of control over Societe Generale," the committee said in a statement.

In these conditions, the committee decided... not to authorize BNP to hold a stake representing 31.8 per cent of voting rights in Societe Generale," the CECEI said.

The long-awaited decision is a failure for those who wanted to create a French banking "champion," but a victory for those who say the market should have the last word.

In the end, however, there was no easy solution to the turbulent takeover battle that rolled France's banking sector for six months.

As a result, BNP ends up

with Paribas, the smaller of its targets in a three-way merger attempt — and the one it never really wanted.

And Societe Generale is now prey to a foreign takeover, which the French government had been trying to avoid.

The ruling comes as banking merger activity heats up outside of France. On Monday, Germany's Deutsche Bank and Dresdner Bank raised the possibility of a full merger by confirming a retail banking link.

BNP said in a statement following the ruling that it "takes note" of the decision and will now focus on its merger with Paribas. The bank has the right to appeal the ruling with France's highest administrative court, the Council of State, but said it was unlikely to do so.

BNP also said it was unlikely it would make a fresh offer for Societe Generale.

The two banks have spent the last six months locking horns and the banking watchdog, headed by Bank of France Governor Jean-Claude Trichet, noted that despite intense efforts, it had failed to broker a compromise.

In March, BNP launched a twin, \$37 billion hostile takeover bid for Societe Generale and Paribas, which were

in the midst of a friendly merger. BNP's three-way merger would have created a banking giant with more than \$1 trillion in assets.

While BNP won control of Paribas, it garnered only a 37.1 per cent stake — and 31.8 per cent of voting rights — in Societe Generale, leaving the outcome with the regulators.

The CECEI had said that it would intervene in the stock market battle if a bank failed to gain 50.01 per cent of the voting rights in its target.

French Finance Minister Dominique Strauss-Kahn, in television, tried to give the messy battle a positive face, saying "Whatever the outcome will be, it'll be a good thing for French economy."

If authorities bar BNP from purchasing its stake in Societe Generale, then we'll have BNP-Paribas, which is a very big entity, and we'll need to work on reinforcing Societe Generale," Strauss-Kahn said.

The ruling will be popular with Societe Generale employees who had demonstrated earlier Friday in front of the Bank of France headquarters in Paris, saying they feared the merger would lead to wage and job cuts.

Another report says automatic teller machines and electronic payment systems at retail outlets will work in the year 2000 and US consumers need not stuff cash in their mattresses at year end, industry executives said yesterday.

Major US electronic funds transfer networks, which link millions of banks and stores and process billions of ATM and retail transactions every year, have done the work necessary to beat the so-called millennium bug, they said.

ATM networks ready for glitches

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Major US electronic funds transfer networks, which link millions of banks and stores and process billions of ATM and retail transactions every year, have done the work necessary to beat the so-called millennium bug, they said.

"This industry is prepared, it is ready and consumers should have complete confidence that their services are going to work normally — their payment services, their ATM services — in the new year," said Dennis Lynch, president and CEO of the New Jersey-based NYCE electronic banking network.

Government regulators and industry experts do not expect major disruptions to the US banking system from the Y2K problem, a coding glitch that could cause some computers to misread the year 2000 and fail, but surveys show some consumers still plan to have more cash than normal on hand just in case.

"Withdrawing large amounts of money from a financial institution at year end is unnecessary and unwarranted," said Stan Paur, president and CEO of the Texas-based PULSE network.

"The ATMs will work, the

point of sale will be available," said Paur. "You'll be able to get cash back at tens of thousands of merchants across the country."

The ten largest US funds transfer networks, which serve around 200,000 ATMs and nearly two million stores, have spent over \$100 million ensuring their systems will work properly, under the close supervision of federal banking regulators.

"We've been under greater scrutiny on this particular issue than any other issue in the entire history of electronic banking systems," said Ronald Congemi, CEO of California's STAR system.

The networks, which form the electronic "arteries" through which ATM and debit card transactions flow, could even weather disruptions to power or telecommunications services that might result from the millennium date change, the executives said.