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StanChart may take over Thai Nakornthon Bank

BANGKOK, Sept 3: Standard Chartered Bank Ltd will pay 12.38 billion baht (\$ 325 million) for a 75 per cent stake in Thailand's nationalised Nakornthon Bank PCL, a newspaper said Friday, reports AP.

Under a long-delayed deal to salvage the smallish Thai bank, the newspaper Krungthep Thairakij reported that the Thai central bank's rescue fund would pump 13.8 billion baht (\$ 363 million) into Nakornthon over five years to manage huge problem loans.

The Bank of Thailand was expected to officially announce the sale of Nakornthon to the UK-based Standard Chartered later Friday.

The Bank of Thailand and Standard Chartered have reached an agreement on sharing future losses or gains from the bank's loan portfolio, which like most Thai banks is packed with dud, the newspaper said.

Standard Chartered has been talking with Nakornthon for 18 months over taking a controlling stake.

It appeared to reach an agreement earlier this year to inject 6.2 billion baht (\$ 161 million) for a majority stake after the central bank committed 13.3 billion baht (\$ 35 million) to clear the books.

The deal aroused criticism in Thailand for using public funds to clear up the problem loans for a foreign investor. The Bank of Thailand nationalised Nakornthon and reopened bidding.

Mexico eyes \$ 50 billion investment in 1998-2007

MEXICO CITY, Sept 3: Mexico will need to invest \$49.5 billion in the electricity industry in the 1998-2007 period, including \$17 billion in additional generation capacity, an Energy Ministry report said yesterday, reports Reuters.

The Ministry said that of total forecast investment, 195 billion pesos (\$20.8 billion at Friday's exchange rate) would come from private investors.

The statement said private investors could invest through the Independent Power Producer (IPP) and Build, Lease and Transfer (BLT) schemes which allow private firms to build power plants while complying with Mexican law which has made electricity a state monopoly since 1961.

Transmission projects, for which 90 billion pesos (\$9.6 billion) in investment was expected were open to private investors only under the BLT scheme.

The report upped its forecast of additional power generation capacity the country will need to 21,743 megawatts (MW), from a prediction of 13,189 MW in a report for the 1997-2006 period contained in a similar report released last year.

The report said the increased forecast was due to an increase in estimates of projected economic growth and the need to replace 2,019 MW of capacity being withdrawn due to the shutdown of obsolete plants.

Mexico currently has plans to build a total of 6,959 MW in generating capacity between 1998-2007, under the IPP and BLT schemes.

The report said Mexico would need an additional 14,784 MW in capacity for which no plans currently exist.

"The additional uncontracted capacity is liable to be satisfied by private investment," the report said.

US web cos join forces to boost consumer faith in Internet

NEW YORK, Sept 3: Six companies with large Internet businesses have joined forces to try to boost consumer confidence in buying products and services over the World Wide Web, reports AP.

The group, which includes Microsoft Corp, America Online Inc, and IBM, plans to urge governments to reduce discrepancies between laws in the US and abroad that might inhibit people from buying items over the Internet. It also will try to come up with a code of conduct to prevent unscrupulous behavior by Web retailers.

The other members of the group, which is called the Electronic Commerce and Consumer Protection Group, are Dell Computer Corp, Time Warner Inc, and Visa USA.

The group plans to argue, for instance, for consistent rules protecting consumers who use credit cards to pay for products, said Ron Plesser, coordinator of the group and a partner at the Washington firm of Piper and Marbury.

"The United States gives consumers a grace period to contest a disputed bill, and also limits liability for purchases made after a card number is stolen. While some other nations don't, Plesser said Wednesday.

"These types of inconsistencies are obviously a barrier to businesses," Plesser said.

Roundtable seeks consensus, govt move to protect interest at WTO

Speakers at a discussion here yesterday said the government should play a stronger role in the World Trade Organisation (WTO) for protecting the national interest, reports BSS.

They stressed the need for making efforts on the basis of a national consensus to help the government mount pressure on the WTO to ensure the country's due share.

Some of the discussants, though bitterly criticised the WTO as a facilitator agency of the economic superpowers, observed that there is no scope to ignore the organisation either.

Four task forces with relevant experts as co-convenors were formed on industries, agriculture and service sectors

and employment and economic reforms. The task forces will prepare the country's response to the WTO on the sectors for consideration and dissemination.

Pro-vice chancellor of the North-South University Prof. Hafiz G A Siddiqi made the initial presentation at the "Roundtable on Bangladesh and WTO" which was organised by Society for International Development (SID), Bangladesh chapter in the Bangladesh Unnayan Parishad (BUP) auditorium.

Economists, business leaders, politicians and development experts including BUP Chairman Dr Q K Ahmed, Prof Abdul Hye, Dr Hasanuzzaman,

Dr Khaleda Salahuddin, Sultan Mohammad Monsur, MP, Dhaka Chamber of Commerce and Industry (DCCI) President M H Rahman, FBCCI Director Abdul Haque and SID, Bangladesh Secretary Nilufar Banu took part in the discussion.

The discussion was chaired by SID, Bangladesh President and Education Minister ASHK Sadique.

Prof. Siddiqi said this is high time that Bangladesh should assess whether its domestic industries have become more efficient under the pressure of the new import surge or most of them being wiped out after pursuing the economic globalisation process of the

WTO.

Dr Q K Ahmed, who is also a member of the International Governing Council of the SID, said the rampant and abrupt reduction of tariff in line with the WTO policies in 1991 created a lot of problems. He underscored the need for consensus on major national issues and strong government-private sector partnership to face the upcoming global challenges.

DCCI President M H Rahman said due to sudden reduction of tariff as dictated by the WTO in some sectors the country is being marginalised with gradual destruction of local industries and the country is submerged by foreign products.

SE Asia seeking ways to unify banana names

MANILA, Sept 3: Filipinos call it saba, but the same stubby banana is called isang kapok in Indonesia and many other names elsewhere.

People in temperate climates generally believe all bananas are the same. But there are hundreds of varieties in Southeast Asia, often with multiple names, and scientists in the region are going bananas just trying to figure out which one a colleague may be discussing, reports AP.

To reduce the confusion, agricultural officials and researchers from around the region have appealed to their colleagues and are meeting in Davao in the southern Philippines, walking through banana orchards while comparing names and documenting unique varieties.

"Our goal is to unify understanding of different names of bananas that exist in Southeast Asia," said Dr Augusto Molina, regional director of the International Network for the Improvement of Bananas and Plantains.

"It is very important for our breeding programmes, and it will improve efficiency of maintaining germplasms," Molina said Thursday.

So far, 200 unique varieties have been collected from Indonesia, Malaysia, Vietnam, Thailand and the Philippines, and their germplasm stored at INIBAP's Davao lab.

Even within a single country, the same banana is often called by different names, Molina said.

One answer will be to publish a banana dictionary with a list of names and synonyms used in each country "so we'll know which banana we are talking about," Molina said.

Each country has come up with about 100 possible entries by eliminating duplicates at home.



General Manager of Singapore Airlines Paul Dorai Ray introduces the Airbus A340, which is being used for its newly-launched 'Celestar' service, to a group of travel agents Thursday night. —Star photo

SIA launches new service on Dhaka-S'pore route

By Special Correspondent

Singapore Airlines introduced its twice-a-week 'Celestar' service with an Airbus 340 on Thursday night on its Singapore-Dhaka route, providing the latest of the art facilities to passengers.

To mark the launching of its latest service, the airlines arranged a reception at Balaka restaurant at Zia International Airport. The Airbus 340 will fly between Dhaka and Singapore every Tuesday and Thursday to cater to the needs of the growing number of passengers and cargo.

The launching of Celestar service to Dhaka means a

progress, Paul Dorai Raj, General Manager of the Singapore Airlines, Dhaka, told local travel agents and others from the aviation circle.

SIA's new acquisition from the Airbus family carries 265 passengers — 10 in First Class, 30 in Raffle Class and rest in Economy. It has an eight-seat configuration on a wide seat comfort with extra legroom and headrest, Raj explained.

Every passenger can enjoy the Krisworld Panavision video system with 22 channels and 12 audio and 10 games channels with Dolby sound system.

Raj said the plane would carry ten tonnes of cargo a week

and pointed to a nine-item holiday package the airlines is offering to its passengers, including 2-3 nights hotel, breakfast and sight-seeing in Singapore and other places.

Yameen Kabir and Mark Yap, two other SIA officials, also spoke on the occasion, outlining the success of the telephone and fax check-in systems which were introduced in June this year. The E-mail check-in system will be introduced from October 1, they said.

Later, a raffle draw was held with four complimentary tickets to Singapore which were won by two travel agents.

Cut in uplift expenditure, tax evasion

Pakistan faced with serious development crisis

ISLAMABAD, Sept 3: Pakistan faces a serious development crisis that will persist unless dramatic changes take place, a senior UN official said today, reports Reuters.

"I really do think that Pakistan's development is in crisis," Robert England, resident representative of the United Nations Development Programme, told a news conference, after

completing four-and-a-half years' assignment in Islamabad.

"Unless some fairly dramatic changes take place, most Pakistanis are not going to get benefit of development in their lifetime," he said.

England blamed lack of political will towards education, cut in development expenditure over the last five years, and tax

evasion as the main causes of the development crisis.

"Pakistan has a serious decision to take," he said.

"Is it going to become part of the globalised world? Is it going to reach out to the world at large to compete for foreign investment, to attract foreign investment into this country... or is it going to become more and more introverted?" he asked.

England said Pakistan was "pre-occupied with its own problems, (and) preoccupied with its own solutions, sometimes not fully understanding how much the world out there is changing".

Pakistan's only chance of delivering "an acceptable" standard of living to its people is by playing according to the rules of the globalised economy, he said.

"Now we all know that globalisation has its down side — and I am not trying to defend globalisation — but it is a reality. It is rules of the games which Pakistan must play and Pakistan must equip itself to win at that game in the globalised economy."

Pakistan with a population of 134 million, has a per capita income of \$470, and faces serious challenges for social and economic development of its people.

England said the future development of every country depended on providing education to its children, particularly girls, and he had seen sufficient evidence in Pakistan of people wanting to educate their children.

"But I am not convinced that the leadership of the country is committed to educating its people. I have not seen the evidence of that," he said.



Karachi Stock Exchange (KSE) workers are busy on phone as stock prices plunged 1.69 per cent on selling pressure on the eve of a general strike Friday. — AFP photo

S African gold output drops by 3 pc in first half

JOHANNESBURG, Sept 3: Gold output in South Africa, the world's largest producer of the precious metal, dropped three per cent in the first half of the year compared to the same period in 1998, the South African Chamber of Mines said yesterday, reports AFP.

South African mines produced 222.3 tonnes of gold in the six months to June compared to 229.86 tonnes in the first half of 1998, the Chamber said.

Total gold output in the May to June quarter was 110.85 tonnes down from 111.40 tonnes in quarter ending March, a 0.5 per cent decrease.

In the second quarter 1998, gold mines produced 113.55 tonnes of gold.

Oil prices recover in Asia

SINGAPORE, Sept 3: Crude prices in Asia recovered today after an overnight slide, as mild bargain-hunting emerged, reports Reuters.

The October New York Mercantile Exchange (NYMEX) crude futures trading on the after-hours ACCESS traded at \$ 21.59 per barrel at 0716 GMT, up 10 cents.

The contract had settled in New York at \$ 21.49 dropping 50 cents from the previous day as speculators trimmed long positions ahead of the long Labor Day weekend in the United States.

The fall came after NYMEX prices on Wednesday traded at a 22-month high of \$22.29.

On the Singapore International Monetary Exchange (SIMEX), October Brent crude, traded steady at \$ 20.80 per barrel.

October Brent on London's International Petroleum Exchange (IPE) settled 31 cents

weaker at \$20.80 on Thursday. Traders said the overnight drop had attracted some buyers back into the Asian market, but trade was very light.

They said the market seemed to be tired after the long six-month rally.

Some bearish elements were also filtering into the market, undermining earlier confidence that OPEC compliance to its output cut pledges would remain tight despite the price boost.

Venezuela's Deputy Energy and Mines Minister Alvaro Silva said on Thursday his country's proposal for a price band system to limit volatility in the oil markets was still alive, despite criticism from other producers.

Analysts have said the band could potentially be bearish depending on where the upper end would be set.

Brent has already exceeded the target price of \$18-20 per barrel that OPEC set when they

implemented the output cuts.

Earlier this week, Mexico's Oil Minister Luis Tellez threw cold water on the price band proposal, saying inventories and not prices should be used as the key indicator for oil producers.

A Saudi official has also said Saudi Arabia wanted future OPEC moves to be based on inventories rather than prices.

A consultant report that OPEC output in August had risen compared with June and July was also lingering in the market, further dampening sentiment.

The report by Geneva's Petrologistics put compliance by the 10 OPEC members excluding Iraq at about 82 per cent for July and August.

OPEC is due to meet on September 22, and several members have sought to re-assure the market that current supply curbs would not be relaxed at the meeting.

Indonesian reforms take tumble on bank scam

JAKARTA, Sept 3: The fate of Indonesian President BJ Habibie and the direction of the country's painful economic reforms are hanging on the outcome of a scandal over a suspect bank deal, reports Reuters.

"This is the big one," said the head of research at a foreign brokerage in Jakarta. "This is where everything is being decided. It could confirm or wipe out the recovery story."

The scandal may also force the International Monetary Fund into a tougher than normal stance as it tries to draw a line in the sand to prevent Indonesia from becoming another Russia, where critics say billions in aid may have been wasted.

The scandal centres on the payment of more than \$70 million by PT Bank Bali Tbk to a firm run by Golkar deputy treasurer Selya Novanto. The money was to help recover loans from the Indonesian Bank Restructuring Agency (IBRA).

Central bank says crimes

committed. The loans should have been automatically repaid by IBRA without the need for third-party assistance, officials say. The central bank says its investigations have found banking crimes were committed.

Novanto's lawyer says his client, who has denied any wrongdoing, has been charged by police.

The key issue, however, is not whether Novanto or Bank Bali officials breached banking laws, but whether high-level officials in Indonesia's government and economic agencies were involved.

Opposition parties allege the money taken from Bank Bali was destined for Habibie's re-election war chest. Habibie insists he was not involved and received no money. But he has been hit hard by the revelations and his chances of re-election would be fading.

The controversy highlighted a serious split in the ruling Golkar party over its support for Habibie. An anti-Habibie

camp in Golkar, which includes Deputy Chairman Marzuki Darusman, aims to use the issue to get the party to jettison Habibie as its candidate in November's presidential vote.

Golkar chairman makes overtures to opposition. Golkar Chairman Akbar Tandjung has defended Darusman from attempts to oust him, and has been making overtures to opposition figurehead Megawati Sukarnoputri.

Megawati's Indonesian Democratic Party-Struggle (PDI-P) won June's parliamentary election with 34 per cent of Golkar's 22 per cent.

If Habibie is unable to shake off the scandal, Golkar could stall and Indonesia's political deadlock could be broken.

The implications of the Bali affair might just trigger an end to Indonesia's crippling political impasse, particularly if a sustained campaign to expose corruption within Habibie's inner circle is indeed underway, political consultancy Van

Zorge, Hellerman & Associates said in its latest Indonesia report.

But the potentially market-positive political implications of the scandal have been outweighed by the economic risks.

The IMF and World Bank have demanded a full investigation, including an independent audit of the central bank. And both have threatened to cut off loans — an essential lifeline for crisis-hit Indonesia — if the affair is not properly resolved. Their credibility is on the line.

IMF cannot afford another Russia. "The IMF cannot afford another Russia and it has to lay down the law somewhat," US economist Paul Krugman told a recent seminar in Jakarta.

"Here might be as good a place as any."

On Tuesday the World Bank warned that other Bank Bali-like issues were likely to surface in Indonesia.

The amount of corruption in Indonesia is enormous, there is complete consensus on that issue and the logical consequence is that we will have other difficult cases," said Jean-Michel Severino, the Bank's vice president for East Asia and Pacific.

The Bank Bali issue was very important as it could well set precedents, he added.

A dispute between Indonesia and its international donors would be devastating. But powerful forces may be keen to suppress the Bank Bali probe, whatever the cost to relations with the IMF.

It is not just political figures who are at risk. Analysts say the central bank may also have several skeletons in the cupboard and could obstruct investigations.

The bank, however, has agreed to a check — meant to be a full one — by Indonesia's state audit body with assistance from PriceWaterhouseCoopers. But it is not clear how much access and scope the firm will be given.

IBRA under attack. At the centre of the affair,

under attack from all sides, is IBRA. The agency is crucial to Indonesia's recovery, not just through its key task of restructuring the bank sector but also because of its power — it is taking over more than \$30 billion in distressed bank loans and more than \$10 billion in equity.

Analysts had expected IBRA to be crucial in untangling Indonesia's \$80 billion corporate debt deadlock as well as restructuring the bank sector. If the Bank Bali affair leaves the agency compromised, or if its many enemies seize their chance to render it toothless, recovery will under threat.

The scandal has highlighted distrust and friction between IBRA and the central bank, and deep divisions within both institutions. And the debtors being targeted by IBRA have seen an opportunity to fight back and try to discredit the agency.

"We are like a football in the middle of this conflict," one IBRA official said. "We are being kicked by all sides."

Filipino economy posts 2.9pc growth

MANILA, Sept 3: The Philippines posted a 2.4 per cent growth in gross domestic product (GDP) and 2.9 per cent growth in gross national product (GNP) respectively in the first semester of 1999, the Philippine government said Friday in a report, says Xinhua.

According to the report released by the National Statistical Cooperation Board, the GNP and GDP grew by 3.8 per cent and 3.6 per cent respectively in the second quarter, "twice stronger than the first quarter's 2 per cent and 1.2 per cent."

GNP is the value of goods and services produced by the economy, including income from abroad, while GDP is GNP minus overseas income.

The report attributed the good performance of the economy mainly to the 6.6 per cent growth rate of the combined agriculture, fishery and forestry sector as a result of the predominantly rainy weather conditions.