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Japanese growth good for the world: Clinton

WASHINGTON, Sept 12: US President Bill Clinton on Thursday hailed news that Japan's economy had grown for the second straight quarter this year, saying it was "a good thing for the world," says AFP.

"They're doing better and I'm real pleased about it," Clinton told reporters. "I think the world should be pleased about it."

His comments came after the Japanese government reported that gross domestic product climbed 0.2 per cent in the three months to June from the previous quarter, for the second straight period of growth.

The world's second largest economy grew at an annualised 0.9 per cent in the quarter, outstripping most analysts' predictions, the Economic Planning Agency in Tokyo said Thursday.

"I know some in America are worried ... that a resurgent Japan means more competition for money and more pressure on the dollar," Clinton said.

"But on the whole, a Japan that could buy more American products and buy more products in Asia from other Asian countries," Clinton said. That situation is "good for the global economy and therefore good for America's working people," he added.

Swedish growth makes room for euro talks

STOCKHOLM, Sept 10: Sweden's strong economic development is giving the country plenty of time to mull over any eventual membership of Europe's economic and monetary union (EMU), Finance Minister Boss Ringholm said today, reports Reuters.

"We are of the view that the Swedish economy is so strong that we have room to take our time with a methodical discussion," Ringholm told reporters after a meeting with the parliament's EU committee.

But he said the decision on whether Sweden would join the single currency union was one of principle and would not be influenced by the unexpectedly strong economic development in Sweden.

Sweden decided not to join EMU at its start in January 1999 because of strong public opposition to such a move.



M.A. Samad, Chairman of the Board of Directors of Bangladesh General Insurance Company.

14th AGM of BGIC held

The fourteenth annual general meeting (AGM) of Bangladesh General Insurance Company Ltd (BGIC) was held yesterday at a local club, says a press release.

M.A. Samad, chairman and founder-managing director of the company, presided over the meeting which was attended by a large number of shareholders.

Taking into account the long-term interest of the company as well as giving serious consideration to BGIC's future commitments as well as uncertain business prospect in the years ahead, the board adopted a prudent approach to recommend payment of dividend at the rate of 20 per cent amounting to Tk 1.44 crores on the increased capital of Tk 7.20 crores.

The shareholders attending the meeting welcomed this decision of the Board of Directors.

The shareholders also appreciated the chairman's action when he informed them that the company promptly settled the huge claim amounting to Tk 4.50 crores due to the country's worst deluge and thereby could maintain BGIC's high image, reputation and goodwill.

Russia to reduce oil exports

MOSCOW, Sept 10: Russia is to reduce its oil exports in the fourth quarter of this year to ensure supplies to Russian oil refineries, Fuel and Energy Minister Viktor Kalluzhny said yesterday, reports AFP.

He said exports in the fourth quarter would be reduced by two million tonnes from the figure in the third quarter, which was not immediately given.

The reduction would also permit stock building, the minister said, without specifying how he would oblige oil companies to reduce their sales abroad.

EPB's July statistics show

Export earnings from six sectors down sharply

By Rafiq Hasan

Export earnings from the country's six major sectors declined sharply during the first month of current fiscal compared to the same period of the previous financial year.

Total export earnings in July, however, showed a slight increase by 1.01 per cent if compared to the first month of previous fiscal.

The country earned US\$ 515.41 million, equivalent to Tk 2512.61 crore, in July '99 against \$510.28 (Tk 2403.42 crore) million during the same month of 1998.

This earnings figure is 7.79 per cent higher than the target of \$478.17 million for the

month. The government had fixed a total export earning target of 5.73 billion dollars for the 1999-2000 fiscal, which is equivalent to Tk 27,972.75 crore.

The sectors which witnessed slide in earnings are tea, ready-made garments (RMG), frozen foods, agricultural goods, engineering goods and handicrafts, according to Export Promotion Bureau (EPB), the government's export monitoring agency.

Export earnings from some other sectors, during the month, however, increased but failed to achieve respective targets. The sectors include jute goods, chemical by-products, leather and electronics.

According to the EPB statistics, export gains from the tea sector declined by 94.62 per cent, agricultural products by 88.38 per cent, engineering goods 46.10 per cent, frozen foods 8.86 per cent, handicrafts 9.52 per cent and RMG sector 0.44 per cent. Export earnings from the miscellaneous sector also declined by 5.83 per cent compared to the same period of previous financial year.

Export earnings from tea declined to US\$ 0.20 million during July of the current fiscal from 3.72 million during the same month of previous year. Agricultural goods fell to US\$ 0.5 million from \$4.39 million, engineering goods to US\$ 0.75

million from \$1.41 million, handicrafts to US\$ 0.38 million from 0.42 million, RMG to \$304 million from \$ 305 million and frozen foods to 29.30 million dollars from 32.15 million dollars.

The country earned US\$ 19.72 million from the other sectors which is 5.83 per cent less than the previous fiscal's earnings figure of 20.94 million dollars.

Four sectors could not achieve their export earnings targets. These are: leather by 15.47 per cent, jute goods 17.69 per cent, electronic goods 43.28 per cent and chemical by-products by 5.38 per cent.

IMF to renounce further gold sales

WASHINGTON, Sept 10: The International Monetary Fund is planning to revalue 10 million ounces of gold, avoiding open-market sales, and plans to renounce further sales to calm nervous gold markets, an IMF document said yesterday, reports Reuters.

The internal document, obtained by the agency, showed that the Fund plans to revalue part of its gold reserves to fund a debt relief initiative for 41 of the world's poorest countries.

Under the plan none of the IMF's gold would be sold on the open-market, a prospect which had spooked gold markets. The Fund is also considering a public statement to assure the gold market that future sales are also out of the question.

The document said many of the Fund's directors believed "that a public statement ... should effectively limit the amount of gold that the Fund would use for this purpose and would renounce any further gold sales for a given period of time in the future."

Gold prices have hovered near 20-year lows recently as many central banks, including the Bank of England, have begun to reduce their bullion reserves. The prospect of an IMF sale of gold made markets nervous since the Fund, with 103 million ounces of bullion, is the world's second largest holder of gold.

Under the plan the IMF would sell its gold at market prices to countries in good standing which had payments coming due for past loans. Those countries would then pay their IMF obligations in gold.

Indian aviation sector to be ready for Y2K

NEW DELHI, Sept 10: India's aviation regulator said today he was confident the sector would be prepared for the Year 2000 (Y2K) bug and said there would be normal routing over Indian airspace as the new year dawned, says Reuters.

"We are fully confident there will be no problem," director-general of civil aviation HS Khola told a Confederation of Indian Industry conference.

Asked about reports of international airlines planning alternate routing to avoid India when crossing to Europe from other parts of Asia, Khola said: "Normal routes will be maintained (over India)."

The Y2K bug refers to a problem that might occur in computers which denote years in their date-fields only by their last two digits. Its occurrence could mean the loss of valuable data and hurt key operations when the year 1999 changes to 2000.

Vendor certification and in-house testing on the aviation sector's most vital communication, navigation and landing systems was already complete and was being examined by external auditors, Khola said.



Helmut O Maucher (2nd from left), Member of the ICC Presidency and Chairman of Nestle, SA, speaks at a meeting with the members of International Chamber of Commerce (ICC) — Bangladesh at a city hotel on Thursday. Mahbubur Rahman, President of ICC Bangladesh, M Mokammel Haque, Executive Chairman, Board of Investment, and A Rob Chowdhury, Vice President of ICC Bangladesh, are seen on his left respectively while Latifur Rahman, Vice President of ICC Bangladesh and Chairman of Nestle Bangladesh Limited, is on his right.

— ICC-B photo

Ex-ICC president urges business leaders Help materialise meaningful globalisation for all

Business leaders should play a greater role in materialising the process of globalisation in an effective way which would benefit all.

This was stated by Helmut O Maucher, the immediate Past President of the Paris-based International Chamber of Commerce (ICC) and Chairman of the global food giant Nestle SA, during a discussion with Members of the National Committee of ICC Bangladesh at a reception in the capital on Thursday, says a press release.

The reception was attended by Vice Presidents of ICCB Latifur Rahman and A Rob Chowdhury, DCCI President M H Rahman, President of Bangladesh Employers' Federation ASM Quasem, FICCI President AKM Shamsuddin, Chairman of Square Group of Companies Samson H Chowdhury, Chairman of United Insurance Company M Moeveed Islam, President and CEO of AB Bank A Rahim Chowdhury, Senior Advocate of Bangladesh Supreme Court Dr M Zahir, ICCB Secretary Mohiuddin Babar, chief executives of different banks, business leaders and members of ICC Bangladesh.

Maucher stressed that fruitful globalisation merits proper trading rules which should ensure level playing opportunities for all countries.

He said the real need of the time is to focus on several issues that are affecting the process of globalisation and bring about their remedies through concerted and sincere approaches by all concerned.

In this context, he referred to the issues like child labour, environmental standard and categorically mentioned that these issues should better be dealt with the organisations concerned like ILO, UNEP etc. "The

Earlier welcoming Maucher, President of ICC Bangladesh Mahbubur Rahman said the woes and worries of the developing and the least developed countries need to be addressed first for ensuring a congenial global trade regime.

He said while free trade and competition are the pivot of new economic order, many discrepancies are in place not only causing pressures on the domestic markets of the developing countries in general and LDCs in particular but compressing their socio-economic potentials as well. These are also tempting to distort the ideals and noble intentions of the WTO, he added.

The ICC Bangladesh President said the 21st century shall be the period of unmeasurable challenges for the developing and least developed countries and unless the discrepancies are redressed now, there will be a great impact upon the new global trading system.

Taking part in the discussion, Minister and Executive Chairman of Board of Investment M Mokammel Haque said big scale investments in Bangladesh and other LDCs can off-set many discrepancies now prevailing in the global trading system.

Speaking on the occasion, the chairman said that the Pioneer believes in quality not in quantity which will help the company play a pioneering role in the field of general insurance.

During 1998 the company earned a gross premium of Tk. 105.33 million, net profit Tk. 11.81 million which were 23.25 and 170.03 per cent respectively higher than that of the last year.

The shareholders present in the meeting expressed their satisfaction over the performance of the company.

Speaking on the occasion, the chairman said that the Pioneer believes in quality not in quantity which will help the company play a pioneering role in the field of general insurance.

— AFP photo



Japan's PC venture Soteco's "e-one" desktop computers are displayed at Asia's largest PC convention World PC Expo in Makuhari, suburban Tokyo, yesterday. Apple Japan, the Japanese unit of Apple computer of the US, filed a lawsuit against Soteco alleging the design of Soteco's e-one is a copy of Apple's i-Mac.

— AFP photo

Latin American free market reform zeal fizzles

BRASILIA, Sept 10: Latin America's bright decade of radical free-market reform appears to be coming to a dark end with a crippling recession and a possible Brady bond default as political support for more change wanes, says Reuters.

The hope that reforms would soon give benefits to all, including Latin America's millions of poor, is fast fading as leaders that first championed them lose their political grip.

"Latin American presidents were politically strong enough to counter the opposition to reforms," said Walter Molano, head of research at BCP Securities in New York.

Leaders such as Carlos Salinas in Mexico, Carlos Menem in Argentina, Fernando Henrique Cardoso in Brazil and Alberto Fujimori in Peru transformed their countries' economies, selling big chunks of inefficient state firms and cutting gaping budget deficits in the last 10 years.

Above all, the region slashed spiraling inflation — which savaged growth in the 1980s — to levels unprecedented in its history. The result was strong.

From 1980-90, the region as a whole posted 1.6 per cent average annual growth, while from 1990-97, average growth was 3.1 per cent. Argentina, with average annual contraction of 0.9 per cent in the 1980s, enjoyed average growth of 5.2 per cent in the 1990s.

But Asia's currency crisis, slumping commodity prices and large outflows of funds from emerging markets have proved calamitous to Latin America's prospects.

Just one of Latin America's large economies — Mexico — will grow this year as the impact of currency devaluations in Brazil, Colombia, Ecuador and Chile over the last 18 months adds to the woes.

Presidential elections in Argentina, Chile and Mexico in coming months could usher in a series of less reform-minded leaders, not east in Argentina, where Menem will step down after 10 years in power.

In Brazil, Cardoso's austerity drive has sparked dissent within his own fractious four-party government coalition, undermining Congressional support for more spending cuts and sparking a mass protest on Brasilia last month.

With recession reducing income at the same time that governments are struggling to control spending, the will to continue the reforms is being sapped by increasing social discontent. Unemployment is now sky-high across the region.

That will put extra strains on incoming governments which will be left with the job of pushing through even more unpopular reforms, like changing labour laws which in many countries make it difficult to fire workers, analysts said.

"The ability to implement further reforms could be seriously hampered since many of the political parties have been captured by narrow interest groups," said Molano.

Still, analysts said the reform process could not be expected to keep pace as it was introduced at breakneck speed.

"There's no such thing anywhere in the world as a linear process of reform, there are always periods of impasse," said

Aldo Abram, an economist at Buenos Aires consultancy Ex-ante.

But even if this is just a pause in the reform process, events are conspiring against Latin America.

Should Ecuador set the dangerous precedent of failing to make an interest payment on a Brady bond, investors could yank more funds out of the region, pushing interest rates higher and making recovery harder.

"If it does not pay it will be the first country in history not to meet its obligations on these bonds, introduced in the 1980s to repackaging Latin American commercial loans which governments were then unable to pay off."

While such a default could spook some investors away from the whole region, analysts

said a major cause for Ecuador's troubles was precisely its lack of reform.

"Ecuador is Latin America's only country where everything is left to privatise, which represents an opportunity," said Quito-based economic analyst Raul Rosero.

Analysts said that if investor sentiment worsens on fears that reforms will stop, it could force the very changes needed to keep the dynamic going as governments need investment.

Argentine analyst James Neilson said there is reform fatigue. But, he added: "It's a bit like people crossing a desert and they're exhausted and they want to sit down."

"They see a mirage ahead so they say: Look, we'll stop there, but they won't be able to."

OECD recommends easy monetary policy for Canada

PARIS, Sept 10: Canada should maintain and easy monetary policy in the short term and should try to keep interest rates low even if US rates rise, the OECD said, reports Reuters.

The Organisation for Economic Co-operation and Development also said in a report on Canada's economy that the country should give priority to cutting its debt and therefore needed to aim for continued budget surpluses.

The OECD said it saw Canadian growth of 2.9 per cent in 1999 and 2.8 per cent next year, while there was no evidence of inflationary pressures.

"In the light of these developments, it would seem appropriate to seek to avoid a tightening of monetary conditions following an increase in US interest rates."