

SANYO
Japan
Refrigerator
(100% CFC Free)
Transfin Trading Ltd.
Tel: 815307-10, Fax: 813062

The Daily Star BUSINESS

DHAKA, SATURDAY, OCTOBER 16, 1999

National Housing Finance & Investments Ltd.
Home Mortgage Loans available for:
Construction of houses
Purchase of houses or apartments
Renovation or extensions to existing properties
Purchase of housing plots in approved land developments
Telephone inquiries are welcome
Chamber Building (6th Fl), 122-124 Motiheel, Dhaka-1000
Telephone: 955 9311-2, 955 3387, 955 3254 Fax: 956 8987

Train services over Jamuna bridge likely from 2001

Direct train services between the capital Dhaka and north and south-western divisional headquarters of Rajshahi and Khulna over the Bangabandhu bridge are expected to be launched in 2001, a Railway press release said here yesterday, reports BSS.

It said works were in progress to develop a 99-kilometre mixed-gauge railway tracks from Joydebpur to the bridge site under the Bangabandhu Bridge Railway Link Project being financed by the ADB, France, Spain, OPEC, Canadian EDC and Bangladesh government.

Director General of Railway MA Rahim yesterday inspected the progress of the railway link project since along with general manager of the project Iqbal Uddin Chowdhury and other concerned officials.

Bank of Canada getting ready for Y2K glitch

OTTAWA, Oct 15: The Bank of Canada said yesterday that while it is confident the central bank will not be disrupted by the year 2000 computer issue, it has quadrupled its cash reserves and set up a command bunker to ensure smooth operations over year end, reports Reuters.

The central bank said it routinely keeps about C\$6 billion of bank notes on hand to deal with public demand in peak periods — like the Christmas shopping season — and in case of extraordinary circumstances.

But those reserves will be boosted to C\$23 billion to meet an expected surge in demand by Canadians who fear the nation's chartered banks may be paralysed by a computer glitch as the clock turns to 2000 — despite bank sector reassurances that a disruption is extremely unlikely.

"Because we are expecting business as usual in the financial sector, the substantial increase in bank note supplies that we are planning should be more than enough for any increase in demand that might arise," the Bank said in a release on the Y2K concern, adding that the extra inventory will come by saving notes that are to be destroyed, not by special printing of cash.

Workshop on ways to promote fisheries export held in city

A day-long training workshop on the Export Promotion Programme on Fisheries Products was held at DCCI auditorium yesterday, says a press release.

Organised by Centre for the Promotion of Imports from Developing Countries (CPI) in co-operation with the Dhaka Chamber of Commerce and Industry (DCCI), Chittagong Chamber of Commerce and Industry (CCCI), Bangladesh Frozen Foods Exporters Association (BFFEA) and Bangladesh Marine Fisheries Association (BMFA), the workshop was inaugurated by DCCI President MH Rahman.

In his inaugural speech, Rahman said that export of fish plays an important role in our national economy, adding that there is enormous opportunity to expand its export, specially to the EU countries.

He also said that CBI's main objective was to contribute to the development of export from the developing countries to Western Europe. In order to achieve this objective, CBI has developed a package of services and export promotion programme available to trade promotion organisations and exporters in those countries, he said.

Syed Mahmudul Huq, former president of Bangladesh Frozen Food Exporters Association, underscored the need for necessary policy support and infrastructure for promoting export to EU countries, considering the contribution of this sector to the national economy.

A K Shamsuddin Khan, Chairman of Bangladesh Marine Fisheries Association (BMFA), said that shrimp price had fallen by about 22 per cent this year.

GM hooks up with Suzuki

TOKYO, Oct 15: American auto giant General Motors Corp. announced Friday it will produce a small passenger vehicle co-developed with Suzuki Motor Corp. in Asia starting in 2001, says AP.

The new model, called the YGM-1, is based on Suzuki's new small car platform and GM's design engineering. The car will be produced for the Asian market.

Both GM and Suzuki, which is 10 per cent owned by the US automaker, said they haven't decided where the YGM will be manufactured yet and refused to say how many vehicles they expect to produce a year.

"We are still studying locations," said Rudolph A. Schlats Jr., president of GM Asia Pacific.

Bureau of Statistics surveys show Poverty on decline in Bangladesh

The poverty alleviation programmes undertaken by the present government have come out with a remarkable success with gradual decline in the percentage of poor in Bangladesh since 1996, reports BSS.

According to "Three Years of Progress", a document containing the achievements of the current government till June this year, poverty alleviation has been given top priority after restoration of democratic and voting rights of the people.

The document, quoting surveys conducted by Bangladesh Bureau of Statistics (BBS) said that about half of the population were still under poverty line in Bangladesh but the marked improvement was that the percentage of poor has been declining after implementation

of various development programmes throughout the country since 1996.

The recent BBS surveys said the percentage of poor in rural areas declined from 47.9 per cent in April, 1996 to 47.6 per cent in April, 1998 and in urban areas from 44.4 per cent to 44.3 per cent during the same period.

The per capita calorie intake has also increased in recent years with 1,885 kilo calorie in December, 1995 to 1,953 kilo calorie in April, 1998 in rural areas and 1,895 kilo calorie to 1,959 kilo calorie in urban areas during the same period.

It was observed in the document that the Annual Development Programme (ADP) with an allocation of around Taka 70 billion allocated in agriculture, rural development, water resources development,

primary education, health and family welfare, rural electrification and local government, among other sectors, made direct and indirect contributions towards poverty alleviation throughout the country by now.

After coming to power in 1996, Prime Minister Sheikh Hasina's government attached maximum emphasis to the alleviation of sorrows and sufferings of the country's distressed and disadvantaged people.

The poverty alleviation programmes of the present government were prioritised through providing credit and imparting training to the unemployed youth and women for self-employment under the purview of the Fifth Five-Year Plan to be completed in the year 2002.

New Pak rulers face tough task to rein in economy

KARACHI, Oct 15: Pakistan's armed forces announced they had taken complete control of the country today, but they face a huge task in reining in an economy battered by years of misrule, analysts said, reports Reuters.

They said the new regime will have to move quickly on a major economic plan to convince international donors to keep lending to the cash-starved country, which has a staggering \$32 billion foreign debt.

"I guess much would depend on the response of the United States," said one investment banker early today.

Last December, the United States helped to partially lift sanctions imposed on Pakistan after its undertook nuclear tests in May that year, paving the way for the resumption of multilateral lending.

The sanctions helped push Pakistan's economy into a tail-

spin from which it has only partially recovered.

"We thought we had seen the worst in May last year and that a modicum of confidence was returning.... The fear is that this coup could turn out to be a bigger jolt than the nuclear tests," said a research head at a brokerage firm.

Low forex reserves

Pakistan cash foreign exchange reserves were reported on Thursday at \$1.46 billion as of October 9 and bankers said a halt in inflows could lead to an imminent default.

Analysts said the International Monetary Fund (IMF), which has already withheld a tranche from a \$1.56 billion loan programme, has been asking Pakistan to broaden its tax base, privatise key government institutions and resolve a bitter two-year row with independent power producers that has killed foreign investment interest.

They said the new regime will have to give signals that it is ready to implement those conditions to improve ties with donors.

Senior bankers and officials said the central bank was likely to play a key role.

The first indication of that came on Thursday when central bank governor Muhammad Yaqub assured worried bankers that all of Pakistan's debt payments would be made and that Pakistan was still on the IMF programme.

But a senior Finance Ministry official told Reuters on Thursday the ministry's offices were closed and that he had been at home since the coup that overthrew Prime Minister Nawaz Sharif of Tuesday.

"It is the state bank which has assumed a central role of economic decision making," said the official who asked not to be named.

Already the central bank has moved to conserve hard currency by withdrawing some facilities to remit foreign exchange outside the country, imposing cash margins on letters of credit for imports and asking private currency markets to remain closed for a week.

Banking sources said more measures could be announced on Friday to mitigate the effect of the formal army takeover.

Bankers said the most crucial response should be from the IMF, which earlier said it was watching the Pakistan situation closely.

Bankers said Pakistan's debt rescheduling package was also tied to the IMF lending and was part of a three-year \$19 billion life-line package that followed a partial lifting of sanctions after the nuclear tests in May 1998.

IMF programmes still on State Bank of Pakistan paying all debts

KARACHI, Oct 15: Pakistan's central bank said yesterday that it was making all debt payments and that an International Monetary Fund (IMF) lending programme was still on despite a military coup two days ago, reports Reuters.

A central bank spokesman told Reuters that the bank was making all debt payments on "due dates".

Senior bankers who were summoned on Thursday to attend a meeting at the central bank quoted State Bank of Pakistan Governor Muhammad Yaqub as saying that the IMF and World Bank lending programmes were still continuing.

The meeting came two days after the coup which overthrew Prime Minister Nawaz Sharif's government.

"The IMF and World Bank programmes will continue," the governor was quoted as saying by one banker.

The IMF has withheld a tranche from a \$1.56 billion

loan programme since July, citing problems by the ousted Sharif government in meeting some of the conditions for its release.

Bankers said the central bank tried to ease fears that Pakistan could default on its debts as the governor told the meeting that all domestic and international debt commitments would be made.

The central bank later said Pakistan's foreign exchange reserves as of October 9 totaled \$1.46 billion.

The IMF said on Wednesday it could neither rule in nor rule out working with a future Pakistani military government.

Earlier, IMF Managing Director Michel Camdessus said Pakistan might lose IMF aid if democracy was not restored.

The fund's lending programme was stalled last year because of sanctions imposed after Pakistan's nuclear tests in May that year, but was revived in January.



Visitors admire a model showing the city of Shanghai with the latest communications satellite overhead at an exhibition in Beijing on Friday. China put two satellites in orbit on Thursday, including an Earth Resources Satellite code-named ZY-1 that was jointly produced with Brazil. — AFP photo

EU, US in no rush for WTO accord with China

WASHINGTON, Oct 15: The European Union and the United States closed ranks yesterday on China's flagging bid to join the World Trade Organisation, insisting neither trading power would be rushed into a deal this year, reports Reuters.

The comments, by EU and US trade officials, could increase pressure on China to give ground in last-ditch negotiations aimed at bringing Beijing into the 134-member WTO before the launch of global trade talks in Seattle in late November.

Analysts said the comments

were meant to lower expectations for a market-opening pact any time soon.

"They're preparing us for the increasing likelihood that it will not happen this year," said Greg Mastel, director of the global economic policy project at the New America Foundation, a Washington-based think tank.

To join the WTO, which sets global trading rules, Beijing must reach market-opening agreements with the United States, the EU and other WTO members.

The Seattle meeting of trade

ministers, Nov 30 to Dec 3, is widely seen as the deadline for China's accession. Any delay could leave Beijing shut out of the upcoming trade negotiating round, which could last for three years or more.

US and European officials said they still hoped to clinch a deal in the coming weeks.

But Deputy US Trade Representative Susan Esserman said the Clinton administration had set no timeline to conclude negotiations.

The EU and China agreed earlier this week to resume their negotiations.



DCCI President M H Rahman addresses the inaugural ceremony of the workshop on Integrated Export Promotion Programme of Fisheries Products at DCCI auditorium yesterday. Kees Taal, CBI Consultant (extreme left), A K Shamsuddin Khan, Chairman of Bangladesh Marine Fisheries Association (BMFA), said that shrimp price had fallen by about 22 per cent this year. — AFP photo

Fed chairman raises concern over possible stock bubble

WASHINGTON, Oct 15: Federal Reserve Chairman Alan Greenspan yesterday advised banks to set aside more money as insurance against a big financial-market downturn, a sign he is worried about a potential bubble in equity prices, reports Reuters.

While emphasising he was not predicting a stocks crash, Greenspan told a banking conference that sudden losses in investors' confidence "inevitably" occur from time to time and said financial institutions should boost their reserves to account of that possibility.

"History tells us that sharp reversals in confidence occur abruptly, most often with little advance notice," he said. "These reversals can be self-reinforcing processes that can compress sizeable adjustments into a very short period."

His comments prompted a drop in US stock futures prices and sent the dollar down against the yen in Tokyo trading.

Greenspan said diversification among different types of assets — a common strategy used by portfolio managers to guard against market risks — may not be sufficient to account

for all types of scenarios in which the value of investments might decline sharply in value.

Meanwhile, an AP report from Tokyo says: Tokyo share prices fell Friday on worries over New York share prices set off by comments from the US Federal Reserve chairman. The US dollar sank against the Japanese yen.

Japan's benchmark 225-issue Nikkei Stock Average fell 178.69 points, or 1.00 per cent, to close at 17,601.57.

The dollar was trading at 105.78 yen at 5 pm (0800 GMT), down 1.49 yen from late Thursday.

Computer prices on rise amid chip dearth

SAN JOSE (California), Oct 15: Consumers expecting to see ever-lowering computer prices as they begin their holiday shopping may be in for a surprise, reports AP.

Manufacturers are beginning to pass on the higher costs of memory chips, known as RAM, to consumers, who have been seeking more and more powerful chips as they go after faster computers with the best graphics.

Sixty-four megabytes of RAM — a typical amount of memory in a dlr 1,000 computer — on sale for as low as dlr 40. Now the same memory is retailing for about \$100 and could reach dlr 150 next month, analysts said Thursday.

"About 7 per cent of the cost of desktop PCs is memory, and when a manufacturer sees that suddenly double, you can bet they're going to react," said Steve Cullen, principal memory analyst at In-Stat market research. "Those days when (memory chip) prices were coming down, down, down are over."

RAM is important to a computer because it stores information that a processor might need at another point, allowing a user and the computer to more rapidly switch back and forth between tasks for everything from screensavers to spreadsheets to games. Even the fastest processors are slow at performing multiple tasks without adequate RAM.

Supplies in the last several months have been constrained for a variety of reasons.

EU lashes out at US WTO agenda Clinton calls for 'human face' in world trade talks

WASHINGTON, Oct 14: US President Bill Clinton called yesterday for more inclusiveness in world trade negotiations that will put a "human face" on economic endeavours and benefit both the rich and the poor, reports AP.

"I am committed to launching a new trade round, which will expand opportunities for us and for others on a fair basis," said Clinton, who will attend the World Trade Organisation (WTO) conference next month in Seattle, Washington.

US labour unions have stepped up their attacks on the WTO recently, protesting that Clinton's free-trade stance has cost jobs and weakened health and safety laws. Environmentalists also complain it has undermined their efforts.

The groups have planned demonstrations at the WTO talks, but Clinton dismissed suggestions they will undermine the US bargaining position and welcomed their participation.

"We need some intermediate involvement from labour and environment, just to name two, to make sure that we build an economy that benefits everybody and that literally has a more human face on it," he said.

"They think the WTO is some rich guy's club where people get in and talk in funny language," he said. "So, if we're going to change their perception, we've got to listen to their protest and bring them into the tent."

Labour groups have traditionally backed the Democratic president and have given their crucial endorsement to Vice President Al Gore's 2000 White House bid.

Clinton reiterated his call for an end to agricultural subsidies, an issue he is expected to make a top priority at next month's talks to negotiate a new global round on liberalising trade in industrial goods and services.

"If we stopped export subsidies to agriculture, 85 per cent of which are in Europe today, it would benefit farmers in my home state of Arkansas, but it would also benefit farmers in Argentina and farmers in Africa. And I would like to see that done," he said.

The United States contends that the European Union spends 50 per cent of its overall budget on subsidies to give its farmers — who account for only two per cent of the EU population — an edge in competition for foreign markets.

Later in New York, Secretary of State Madeleine Albright sought the support of business leaders for the new round of WTO talks that she said would be "to open markets in agriculture, services, and industrial goods, and to enhance transparency in government procurement and in the WTO as an institution."

In her speech to the Conference Board, a New York-based non-profit business group, Albright sought support

for bringing China into the organisation "on commercially viable terms."

"Drawing China into a rule-based world trading system would be a major stride forward not only economically, but for our larger enterprise of bringing the world closer together around basic principles of democracy, open markets, the rule of law and a commitment to peace," she said.

In his presentation Clinton also made a pitch for environmental protections, arguing that developing countries should not follow the industrialised world in fossil fuel consumption.

"The world is still largely in the grip of a big idea that isn't true any more," he said.

"And that big idea is that in order for any country that's not rich to get rich, they have to burn more fossil fuels and put more greenhouse gases in the atmosphere, because that's the way we got rich.... and that's not true anymore."

Reuters reports: The European Union lashed out at US President Bill Clinton's trade agenda on Thursday, saying it could poison the next round of World Trade Organisation talks.

"We make no secret of the fact that we feel that the US agenda is, at present, too limited," Pascal Lamy, the European Union's new trade commissioner, told US and European business leaders in Washington.

"If there are no restrictions on multinational companies setting up subsidiaries, then Indian industry will die," Maran also pledged to speed up economic reforms to achieve an annual foreign investment target of 10 billion dollars.

"If China can attract 30 to 40 billion dollars annually, I see no reason why India cannot attract 10 billion dollars."

India annually gets about 3.5-4 billion dollars of foreign investment. Maran said the inflow until the end of September this year had touched three billion dollars.



A close up of a connected cellular phone and Palm IIIx pocket terminal during a transmission of GPRS protocol data shown at the Alcatel stand at the world's biggest telecommunications fair "Telecom 99 and Interactive 99" in Geneva on Friday. — AFP photo

India on verge of internal debt trap

NEW DELHI, Oct 15: Finance Minister Yashwant Sinha today said India was on the verge of an "internal debt trap" and hinted at tough decisions to meet the crisis, reports AP.

"If we don't take difficult decisions, we will continue to live in a dream world," the minister told a meeting organised by the Conference of Indian Industry (CII) here.

"We have exhausted all over soft options," he said. "How long can we go on paying interest to day? I have no hesitation in saying we are on the verge of an internal debt trap."

Sinha, retained as finance minister by Prime Minister Atal Behari Vajpayee in his new coalition government, said India also faced a massive fiscal

deficit. "I am acutely aware of the challenges on the fiscal deficit front. Tackling it will be a priority," he said. "I will review how we can cut back on expenditure."

India's fiscal deficit is running at more than six per cent of the gross domestic product (GDP).

The government's current target is to contain it at four per cent of GDP.

Sinha was to preside over an emergency meeting of financial advisers of all ministries Friday to curb burgeoning government expenditure.

On Thursday, shortly after taking office for a second consecutive term, Sinha warned of belt-tightening measures to

check the deficit. He pledged to open up the state-run insurance sector as part of a "second generation" of reforms.

Meanwhile another report says: The new Indian government said today that multinational firms will have to continue taking permission from their local partners to set up wholly-owned subsidiaries in the country.

Commerce and Industry Minister Murali Manohar said today that multinational firms will have to provide a no-objection certificate (NOC) from their Indian partners to start subsidiaries.

The guidelines for setting up wholly-owned subsidiaries by

multinationals are very clear," Maran told reporters. "They will have to submit an NOC from existing joint venture partners."

"If there are no restrictions on multinational companies setting up subsidiaries, then Indian industry will die."

Maran also pledged to speed up economic reforms to achieve an annual foreign investment target of 10 billion dollars. "If China can attract 30 to 40 billion dollars annually, I see no reason why India cannot attract 10 billion dollars."