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Dhaka for balanced trade growth with Delhi

NEW DELHI, Nov 3: The Bangladesh High Commissioner to India, Mostafa Faruque Mohammed, yesterday underscored the need for balanced trade between the two countries to the mutual benefit of the two peoples, reports BSS.

Speaking at an interactive meeting with the Federation of Indian Chambers of Commerce and Industry (FICCI) here he referred to Dhaka's proposal for privileged access of Bangladeshi goods to India.

The meeting was also addressed by GP Goenka, President-elect of the FICCI and co-chairman of Bangladesh-India Chamber of Commerce and Industry.

Mostafa Faruque Mohammed said that the issue of the access of Bangladeshi exports to India should clearly deserve treatment on a wider political plane.

The High Commissioner told the meeting that there were wide-ranging scopes for investment in Bangladesh by Indian entrepreneurs.

He said the north-eastern Indian states would be immensely benefited by Indian investment in Bangladesh as well as through the joint venture industries on agreed projects in view of the locational advantage.

Speaking on the occasion, GP Goenka informed the meeting that FICCI was making efforts to convince the Indian government for unilateral trade concessions to boost exports to India.

He said that the proposal for transportation of Indian goods through Bangladesh would be beneficial to both the countries.

Kuwait budget deficit \$5.02b

KUWAIT, Nov 3: Kuwait's gross budget deficit in the fiscal year to end-June was 1,522 billion dinars (\$5.02 billion), some 640 million dinars below projections, mainly due to higher than projected oil income, reports Reuters.

Official figures, obtained by the agency on Tuesday, put actual net spending at 4.04 billion dinars while total income came in at 2,798 billion dinars—a net deficit of 1,243 billion dinars, compared with a projected 1,919 billion dinars.

The actual figures, which still require parliamentary review and approval, were in line with earlier estimates by economists.

The gross deficit is calculated after 10 per cent of total revenues are deposited by law into the foreign investment fund which Kuwait created as a nest egg for future generations when the country's vast oil wealth runs out.

The measure inflates the deficit and boosted expenditure in 1998/99 to 4.32 billion dinars.

The fund, managed by the Kuwait Investment Authority, is now valued at around \$50 billion after Kuwait paid for some of the huge costs of the 1991 Gulf War to end Iraq's seven-month occupation and a reconstruction programme. The fund shrank to \$35 billion after the war from over \$100 billion.

Kuwait covers its budget deficits from state reserves.

The elected house had approved a 4,362 billion dinar budget for 1998/99 with oil revenue projected at 1,894 billion dinars but the OPEC member carries an actual 2,234 billion dinars from oil, compared with 3,211 billion the previous year.

Australia ups interest rates

SYDNEY, Nov 3: The Reserve Bank of Australia raised borrowing costs by a quarter percentage point today, just hours before data showed that consumer spending surged in September for the third straight month, reports Reuters.

The robust domestic economy was one of the key reasons cited by the central bank for the policy tightening, since growth has not cooled as expected, leaving the door open to another rate rise early next year.

The latest reading on retail sales, released just two hours after news of the first rate hike in five years, showed consumer spending surged in September for the third straight month, adding to the case for higher rates.

Consumer spending is showing scant sign of abating. September retail trade rose 0.6 per cent, well above market expectations for a flat outcome after two hefty gains in July and August.

The Reserve Bank said that stronger domestic and global growth, combined with rising inflation were behind its decision to raise the official cash rate by 25 basis points to 5.0 per cent. And economists interpreted the bank's commentary as spelling out the need for further modest, pre-emptive tightenings.

"Clearly there's more rate rises to come," said Commonwealth bank senior economist Michael Blythe.

The key phrase in the whole statement was the one about monetary policy to a less expansionary stance; so even though we're still on the expansionary side of neutral policy," he explained.

Precaution despite having needed Y2K-compliance certificates

Biman to ground its fleet for 7 hours on millennium eve

By M Shamsur Rahman

Despite having necessary Y2K compliance certificates for the entire fleet, Biman Bangladesh Airlines has decided to keep its aircraft grounded for seven hours on the eve of the new millennium.

The flights will remain suspended from midnight December 31 to 7 am the next day.

"The decision to keep flights suspended for the brief period comes as a precautionary measure to study the immediate effect of the Y2K bug," said Ashan Quadir, Chairman of Biman Y2K Committee.

He said that the airline would recall all its aircraft—including four DC-10-30s, two Airbus A310-300s, three F-28s and two ATPs—during the period.

He said there were also commercial reasons for the rollover period during which the flights would be kept suspended.

"We are expecting a sharp fall in the traffic during the time and only three of our flights would be delayed," Quadir said.

Biman, like other international airlines, is also at risk as every single aircraft consists of thousands of embedded microchips and any malfunctioning of a single chip could prove fatal.

Other international airlines are also adopting contingency plans to avert possible Y2K glitch.

Before taking to the skies in the new millennium, KLM has decided to ground its flights for three days from January 1, 2000, while the CEO of the

British Airlines has declared to take a "joy-ride" along with some government officials on one of its planes on the very first moment of the new century to create passenger confidence about the safety of travelling with BA.

Private sector experts, however, say that there cannot be an assurance of any sort unless there is a rollover test. "Rollover trial is the only conclusive proof of accuracy regarding Y2K compliance," one expert said.

A rollover test means changing dates of all chips in advance and carrying out a test run to see how they function.

Biman officials say such a test is quite expensive because it has a limited number of aircraft. A single rollover test involves a huge amount of dollars and Biman could minimise the cost, if it had a bigger fleet.

"Besides the manufacturing companies of our fleet have done successful rollover tests before certifying the planes," one Biman high official said.

The airline started preparing for the millennium glitch from mid-1998 after the government had formed a national committee in May 1998.

Earlier, Biman had replaced two of its mini-frame computers by a new Y2K-compliant machine with higher capacity.

The airline also uses 200 small PCs. Of these, only five were ready for the new millennium, but gradually all of them were made compliant for the big bug.

Biman also has a departure control system provided by the Society of International de

Telecommunication Aeronautics (SITA), which is certified to be safe by the supplier.

The Cargo Reservation System and the Passenger Reservation System, also supplied by SITA, are also Y2K-ready.

But Biman's ground support equipment, which is used for aircraft servicing, may have some problems as the machinery have different countries of origin.

Biman officials say that after proper testing they would be in a position to declare their ground equipment-compliance by the end of this month.

Other areas like the PABX system, lifts and generators have been declared Y2K-compliant by the suppliers or the producers. The telex machine is currently in the process of replacement.

Even countries that are claiming to be Y2K-compliant are not sure about their readiness because they are still in a dilemma since no one is able to predict precisely the consequence of a single chip malfunctioning, another expert said.

"There might be some microchips which were neglected when the manufacturers conducted tests, and no one knows how these neglected chips would react when the real time comes," he said.

As the world is readying itself to celebrate the new millennium, it could come for many as a fatal blow because even experts are unable to foretell the aftermath of the Y2K glitch.

The millennium problem is caused by the common programming practice of using the last two digits in a date to represent a particular year, like 98 for representing 1998.

With the onset of the new century, the year digits will show 00, which may be interpreted by the computer as 1900, giving erroneous results which may halt normal operations of the computer systems.

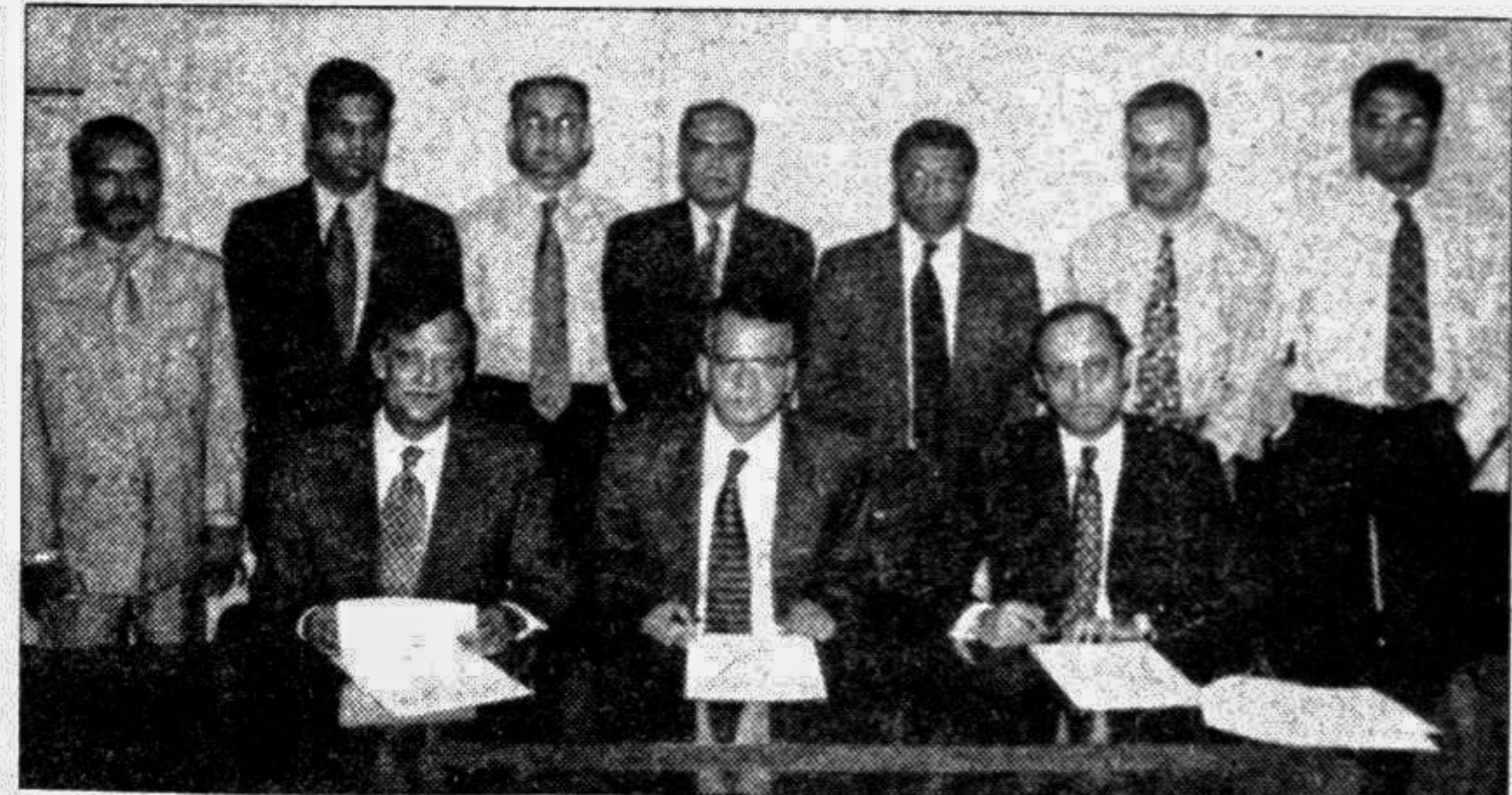
The Y2K problem, also called the "Millennium Bug" has been the cause of much concern not only among the IT professionals, but also among users of computer systems worldwide.

The problem may occur in commercial and custom-made software, in mainframe computers, personal computers, local area networks, and in a wide range of equipment containing embedded chips.

This glitch is likely to be present in many types of digital electronic equipment and computer software that incorporate a timing function or calculation of elapsed time.

Realising the importance of the year 2000 computer problems, the government on May 5, 1998, formed a National Advisory Committee on Y2K problem with 36 members from different sectors to analyse the exposure of the problem and to prepare an action plan.

In April, the committee formed special groups to work on eight identified sectors i.e. financial, energy, telecommunication, information, transport, industry, medical equipment and health and defense sector.



The syndicated loan agreement signing ceremony between ANZ Grindlays Bank, Southeast Bank and IPDC for providing STS Educational Group with a term loan. — ANZ photo

Export earnings miss target by 3 pc

Star Business Report

The country fetched US\$ 1392.63 million from exports in the first quarter of this fiscal, about three per cent short of the target and eight per cent higher than last fiscal's same period.

The target for July-September period of FY 2000 was \$1434.5 million.

Except for leather and frozen food, no other major export items including readymade garments (RMG), knitwear, raw jute, jute goods, tea, handicrafts, chemical products etc. could achieve their targets during the period.

The unit prices of some major earning sectors drastically declined during the period. At the same time, export volume of some sectors increased significantly," said an official of the Export Promotion Bureau (EPB).

RMG exports fetched \$ 767.13 million, 1.02 per cent short of the target and 3.2 per cent higher than the corresponding period of last fiscal year.

Knitwear worth \$299.08 million were exported during the

period, which is 0.31 per cent short of the target but 27.37 per cent up from the same period of the last year.

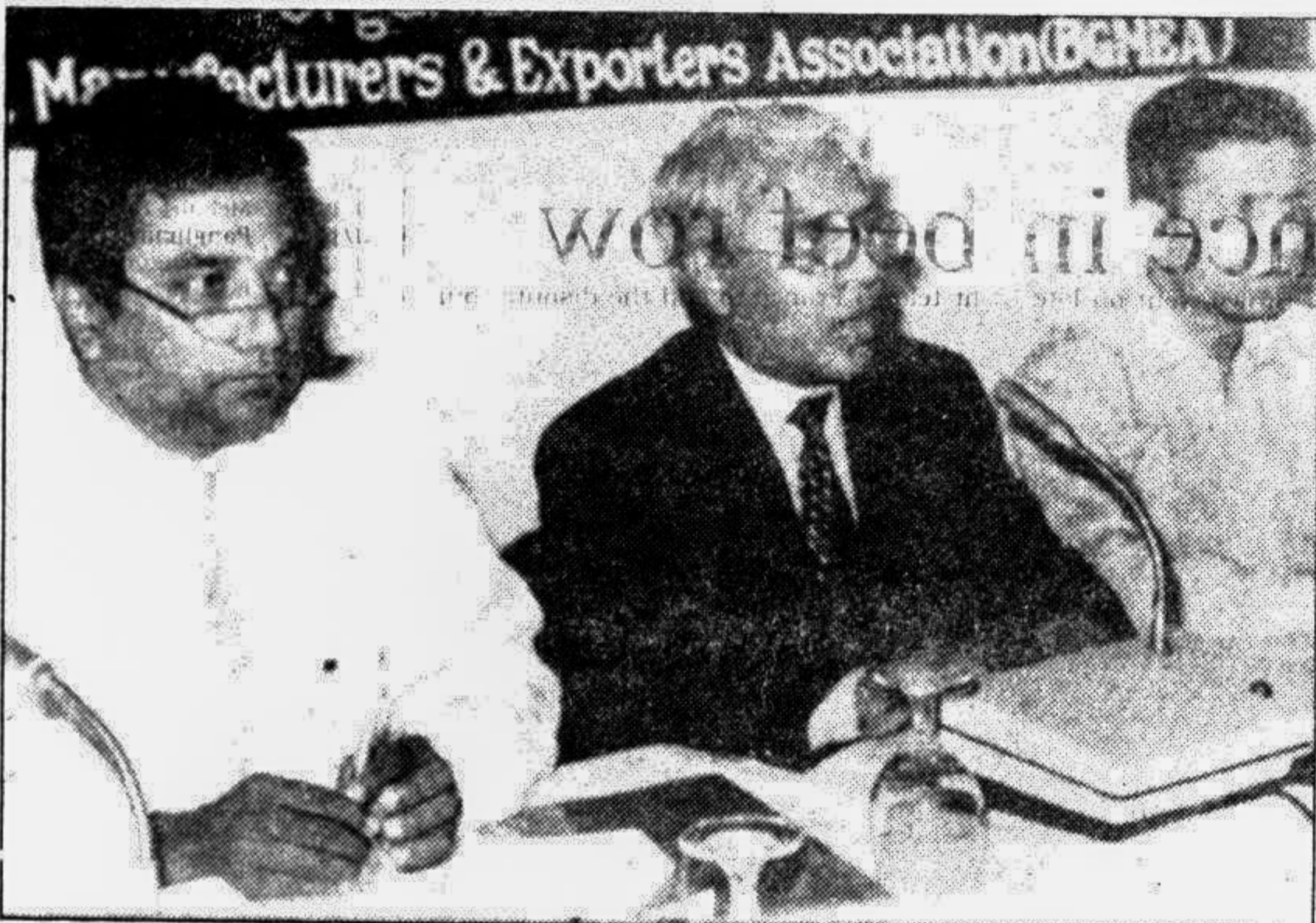
Frozen foods worth \$85.81 million were exported during July-September period of this fiscal which is 15.96 per cent up from the target and 9.95 per cent less than last fiscal's corresponding period.

The unit price of tea also dipped by 10.75 per cent and its export volume declined by 71.99 per cent.

Export earnings from handicrafts amounted to \$1.27 billion against the \$2.5 billion target. This also shows a big 49.20 per cent decline from the target and 19.62 per cent from the corresponding period of FY 99.

Chemical products worth \$20.07 million were exported during the period against the \$24 million target. Its unit price dipped by 20.98 per cent while the volume increased by 16.60 per cent.

The United States was the major market for Bangladesh exports, accounting for \$549.23 million or 39.44 per cent of the total exports.



BGMEA President Anisur Rahman Sinha addresses a press conference marking the closing of BATEXPO '99 at Sonargaon Hotel yesterday. — Star photo

Follow-up of Bank Bali corruption scam

Indonesia to strengthen bank restructuring agency

JAKARTA, Nov 3: IMF Asia-Pacific director Hubert Neiss said today that Indonesia had agreed to strengthen the agency overhauling its troubled banking system following the corruption scandal at Bank Bali, reports AFP.

Speaking after talks with President Abdurrahman Wahid

in Jakarta, Neiss said changes were needed at both the Indonesian Bank Restructuring Agency (IBRA) and the central Bank Indonesia.

Neiss said he discussed with Wahid the report by PricewaterhouseCoopers (PwC) into the Bank Bali affair, which was made public Tuesday, and

pledged continued IMF support for Indonesia.

The (PwC) report is published and follow-up action will be taken in particular to strengthen IBRA so such things do not recur," Neiss said.

He added that an overhaul of the bank supervision department at the central bank was also needed.

"I assured him (Wahid) that the IMF will continue to be ready to play a constructive role in Indonesia's recovery," added Neiss.

An estimated 4.6 billion dollars in loans from the IMF, World Bank and Asian Development Bank (ADB) were blocked after the scandal at Bank Bali erupted, implicating senior members of the previous government.

After receiving a copy of the PwC report on Tuesday in talks with Indonesia's new top economics minister Kwik Kian Gie, Neiss said the way was now clear for loan payments to be resumed.

The PwC report showed that Bank Bali used a firm owned by a senior official in the then-ruling Golkar Party to collect interbank loans for a commission of 80 million dollars.

The audit shows 2.2 million dollars went directly into Golkar coffers with other payments being made to six offshore funds. It recommended further investigation into the central bank governor and several former ministers.

The IBRA was broadly cleared of wrong-doing with the exception of one official who has since been dismissed.

Syndicated loan for STS Edn Group signed

A syndicated loan signing ceremony between ANZ Grindlays Bank, Southeast Bank and IPDC for providing a term loan to International School Dhaka (STS Educational Group) was held recently at IPDC office.

The objective of this term loan is to assist in setting up an international standard educational institution to cater to the needs of the community, says a press release.

C M Alam, Managing Director of IPDC of Bangladesh, K M Sattar, Head of Corporate Banking of ANZ Grindlays Bank, Syed Anisur Huq, President and MD of South East Bank and representatives of the STS Educational Group signed the agreement. Nurul Alam, DMD of South East Bank, Sohail RK Hussain, Manager, Corporate Banking of ANZ Grindlays Bank and Syed Javed Iqbal, Senior Manager of IPDC were also present. IPDC has been the lead arranger and adviser to the project.

Malaysian team in city to discuss link with NBL

A three-member banking delegation from Malaysia headed by Mohd Ariffin Marzuki of Bank Simpanan Nasional is now in Bangladesh to discuss establishing a business relationship particularly remittance arrangement between NBL and Bank Simpanan Nasional, Malaysia, says a press release.

This arrangement will facilitate remittance by Bangladeshi wage earners living in Malaysia through 500 branches of Bank Simpanan Nasional.

Other members of the delegation are Noor Azmi Bin Jaafar and Mr Suhaimi Bin Hussein.

The Malaysian team expressed its satisfaction over the performance of NBL in respect of drawing arrangement with other banks and exchange houses of the world.

National Bank Limited has drawing arrangements with 16 exchange companies and banks and correspondent relationships with 365 banks worldwide.

Oil prices end lower

LONDON, Nov 3: Oil prices ended lower yesterday in a market jump in the run-up to the northern hemisphere winter, reports Reuters.

International benchmark Brent in London for December delivery was last traded 27 cents down at \$22.08 a barrel, losing nearly half of Monday's upward run which had added more than 60 cents to the contract.

Oil price movements have been particularly volatile of late as fears of a supply shortage in the peak winter demand season compete with worries that leading producers might start to slacken compliance with supply curbs.

Weekly Ctg Tea Sale Clean varieties meet higher demand

CHITTAGONG, Nov 3: Higher demand for the clean varieties marked the weekly tea auction here yesterday, reports UNB.

Poland, Russia and buyers from the CIS countries were fairly active with limited support from Pakistan.

The buyers were offering between Tk 54 and Tk 55 for the medium Brokens and Fannings, the clean-liquoring types attracted more interest. Dusts were generally a lower market, says National Brokers Ltd.

CTC Leaf: 10,595 chests and 15,428 gunny sacks and 125 chests and 30 gunny sacks (of old season) on offer met with more demand but at lower rates. There were less withdrawals.

CTC Brokens: Bold Brokens met with less demand and initially sold at between Tk 53 and Tk 54 but with the progress of sale, the rates eased further and were selling between Tk 52 and Tk 53.

Larger Brokens also met with less demand and were easier by Tk 2 to Tk 3 selling at between Tk 55 and Tk 58. The poorer types were neglected and where old discounted further.

Medium Brokens met with fair demands, but prices eased by Tk 2 to Tk 3. Smaller brokens met with a better demand and were generally sold at Tk 2. The Planter types were mostly neglected.

CTC Fannings: Fannings met with a fairly good demand at lower rates, declining by up to Tk 2 but the Medium types witnessed more competition and were mostly steady.

CTC Dust: 632 chests and 1,596 gunny sacks on offer met with a fair demand. The better-liquoring types eased slightly by up to Tk 2 while the medium and planter types fell by Tk 3 to Tk 5 following quality. Internal market lent fair support.

BB clarification on forex rules

Bangladesh Bank (BB) today clarified its position regarding the recent complaints of incoming and outgoing passengers facing harassment due to confusion and lack of knowledge amongst concerned quarters about the rules and procedures of foreign exchange funds brought in by incoming passengers, reports BSS.

In a statement, it said the relevant rules and procedures are available for information of all concerned in the FMI form for declaration of foreign exchange, in the booklet on taka convertibility, in Guidelines for Foreign Exchange Transactions and in the FE Circulars.

Changes in the rules and procedures are also immediately circulated for information of all concerned by issuance of press releases, it added.

The BB also reiterated the relevant rules and procedures in view of the reports of harassment owing to confusion.

It said an incoming passenger may bring in any amount of foreign exchange with declaration to the customs authorities in form FMJ at the time of arrival. No declaration is necessary for amounts up to US dollar 5000 or equivalent in foreign exchange.

Foreigners and non-resident Bangladeshis may freely take out while leaving Bangladesh the entire amount brought in with declaration, or up to US dollar 5000 or equivalent in foreign exchange brought in without declaration, the amount so retained can be taken out on a subsequent visit abroad. Any amount in excess of this limit is required to be encashed to taka/credited to eligible foreign currency account within 30 and 180 days of arrival respectively in case of resident and non resident Bangladeshis.

The statement said encashment of foreign exchange brought in at the time of arrival may only be made with licensed dealer bank branches.

It added no declaration in form FMJ is required for encashment of upto US dollar 5000 or equivalent with authorised dealer bank/licenced moneychanger or for crediting such amount in the resident foreign currency deposit account of the incoming Bangladesh resident with an Authorised Dealer.

Any difficulty experienced in this behalf by any incoming passenger may be brought to the notice of the nearby Bangladesh Bank office for redress.

StanChart wins Best Employer Award from IBA Alumni Assoc

Standard Chartered Bank Bangladesh has been given the Best Employer Award by the IBA Alumni Association.

The award was given last Friday at the installation ceremony of the newly-elected executive committee of the IBA Alumni Association at a local hotel, says a press release.

The bank was selected for the award in recognition of its support to management development by employing a significant number of IBA graduates and offering internship programmes to students of the institute.

Sethu Venkateswaran, Chief Executive Bangladesh of Standard Chartered Bank, received the award from Finance Minister SAMS Kibria.

Sethu Venkateswaran announced three scholarships from Standard Chartered Bank to be offered to meritorious IBA graduates from year 2000.

UAE to upgrade Iraqi airport

BAGHDAD, Nov 3: A delegation from Dubai's civil aviation department has signed several contracts with Baghdad for modernising a southern Iraqi airport and training technicians, the head of the department said yesterday, reports AFP.

Khaled al-Kamdhah told a press conference here that the contract covered converting the airport in the southern city of Basra into an international terminal and training several Iraqi technicians in Dubai.

Another deal set out the framework for establishing an air link between Dubai, in the United Arab Emirates, and Baghdad once UN sanctions are lifted.

The 60-strong Emirati delegation also held talks on modernising other Iraqi ports and airports, and developing maritime links between Dubai and Basra, Iraq's Al-Jatiffah weekly said Tuesday.

Dubai already operates a passenger ferry service to the southern city of Um Qasr, the only one to open since UN sanctions were imposed on Iraq after its 1990 invasion of Kuwait.

The delegation, led by Dubai Ports Authority chief Sultan bin Suleiman, met Deputy Prime Minister Hikmat al-Azzaoui and the undersecretary at the transport ministry Jamil Ibrahim.

Diplomatic ties between Abu Dhabi and Baghdad have been frozen since the 1991 Gulf War, but the Emirates is one of the largest donors of humanitarian aid to Iraq and had repeatedly called for an end to sanctions.