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Foreign capital withdrawal from Malaysia slows

KUALA LUMPUR, Nov 5: Foreign portfolio investors pulled more money out of Malaysia last month but the pace of withdrawals slowed, according to official data released on today, reports Reuters.

Cumulative net portfolio outflows since mid-February rose to 3.44 billion ringgit (\$905 million) by October 30 from 2.88 billion one week earlier, the National Economic Action Council (NEAC) said.

Foreign investment in stocks and bonds and bonds had risen steadily between February — when Malaysia eased a restriction on repatriated capital — and July.

Cumulative inflows peaked at 4.7 billion ringgit in July 15, and then foreigners began pulling money out as Malaysia's stock market retreated from its mid-year peak.

Withdrawals accelerated ahead of September 1, when a tax on repatriated principle which had been imposed one year earlier as part of capital controls was scrapped.

By late September, outflows since mid-February has outstripped inflows. Between July and October, more than eight billion ringgit left the country. But in recent weeks the pace of withdrawals has slackened.

Between October 13 and 20, there was a net outflow of about 555 million ringgit. That was down from 818 million the week earlier and down from an average weekly drop of 941 million over the previous six weeks. It was also the smallest drop since mid-August.

Government officials have played down the outflows, saying they have been far less than some had projected.

"It's hard to draw a conclusion on one week's data, but one can cautiously say now that these withdrawals are not such a big deal," the head of research at a US securities house said.

Y'slav poverty doubles in 2 years; UN

UNITED NATIONS, Nov 5: The level of poverty in Yugoslavia has nearly doubled in the past two years while the national health insurance fund is close to collapse, a UN official said yesterday, reports Reuters.

The percentage of the population living on a monthly income of approximately 100 Deutschmarks or less, or \$60 or less, has increased from 33 per cent in July 1998 to around 63 per cent in September 1999, the UN humanitarian coordinator for Yugoslavia, Steven Allen, told a news conference.

Pensioners, the urban poor, single parent households and families with more than three children were particularly at risk, while the national health insurance fund "is on the verge of collapse," he said.

Adding to the problem were the large number of people displaced from Kosovo. They were currently estimated to number about 120,000, although the UN refugee agency believed there were more than 150,000 and had agreed with the Yugoslav Ministry of Humanitarian Affairs to carry out a registration drive in both Serbia and Montenegro, Allen said.

Large numbers of Serbs fled from Kosovo to other parts of Yugoslavia earlier this year when the Yugoslav army withdrew as a result of an 11-week NATO bombing campaign aimed at halting repression of the province's ethnic Albanian majority population.

Those internally displaced persons were in addition to some 500,000 refugees requiring assistance who fled earlier from the 1992-1995 conflict in Bosnia, Allen added.

Manila wants talks on aviation pact with Taiwan

MANILA, Nov 5: The Philippines wants negotiations on a new aviation agreement with Taiwan to be completed within three months, a Philippine official said Tuesday, reports AP.

The time limit is one of two conditions set by Manila for the temporary restoration of an earlier aviation pact that the Philippines terminated. Assistant Foreign Secretary Franklin Ebdalin said.

Air links between the two countries were cut after the Philippine government scrapped a 1996 aviation pact with Taipei at the end of September, accusing Taiwanese airlines of carrying more than their allotted passenger quota and of poaching passengers from Philippine Airlines, the ailing national flag carrier.

On Monday, Transportation Secretary Vicente Rivera said the Philippines has decided to abandon its hard-line position because many Filipino workers in Taiwan hope to return home for Christmas, and both sides have shown interest in resuming talks to resolve the dispute.

Ebdalin, also a member of the government's Civil Aeronautics Board, said the other condition for restoring the air pact is for Taiwanese airlines to "desist from carrying passengers from Manila through Taiwan to a third country such as the United States."

15-member trade team in city to explore scopes

Germany keen to increase investment in Bangladesh

The visiting German business delegation has shown their keen interest in increasing investments in Bangladesh, reports UNB.

The interest was shown by Peter Clasen, the leader of the visiting 15-member German Asia-Pacific Business delegation, when he called on Commerce and Industries Minister Tofail Ahmed at his office Thursday.

Clasen said Bangladesh would be a preferred place for investment with the better market access and investment opportunities and incentives.

Sufficient supply of electricity and gas, improved infrastructure, including road and port, will be an added advantage to attract foreign investment, he added.

Appreciating the German eagerness the commerce minister

said Germany is the second largest export market after the United States. "We highly value trade partnership with Germany."

The minister said that present government had been taking pragmatic steps giving priority to domestic and foreign investment since it came to the power in 1996.

Highlighting various steps to enact the private EPZ law to allow private investors to set up EPZs on their own, the minister said many foreign investors are now investing in these sectors.

Tofail also mentioned that UNCTAD in its latest investment report stated that the percentage of increase in FDI flow is higher in Bangladesh among Asian nations.

The commerce minister elaborated the prevailing investment environment, including preferential market access, and said that foreign investors will export their product to potential markets, including India enjoying higher incentives and better investment environment.

Expressing concern at the move of the industrialised countries to impose new trade barriers like labour standards, child labour, eco-labeling and social and environmental standards, the minister said the LDCs have opened up their markets by reducing tariffs and withdrawing non-tariff barriers.

"But the developed nations are trying to restrict us only as importing countries by barring out exports and raising self-

made barriers," he said, adding that Bangladesh in the Seattle WTO ministerial meet could raise the issue of free movement of goods and labour.

The delegation expressed their satisfaction over the steps undertaken by the government to improve investment scopes.

Meanwhile, Finance Minister Shah AMS Kibria said the government was carrying out reforms in various areas, including the financial sector, to achieve higher growth and alleviate poverty.

A favourable investment policy is prevailing in the country and the government, in addition to its invest-friendly policy, is offering an attractive package of incentives to foreign investors, the minister told the delegation.

US Senate passes historic banking reform bill

WASHINGTON, Nov 5: The Senate yesterday passed historic legislation to overhaul depression-era US banking laws, one of the final steps in a two-decade-old effort to let banks, brokers and insurers into each other's businesses, reports Reuters.

The Senate approved the bill by an overwhelming 90-8 vote and the House of Representatives was expected to follow suit later on Thursday. President Bill Clinton has already said he will sign the measure into law.

"When the history is written of this session of Congress, it will probably identify this legislation as the single biggest achievement," Senate Majority Leader Trent Lott said.

"This is vital for the future of

our country," New York Democratic Sen Charles Schumer said. "The future of America's dominance as the financial centre of the world is at stake."

The legislation repeals parts of the 1933 Glass-Steagall Act and 1956 Bank Holding Company Act to level the domestic playing field for US financial firms and to allow them to compete better in the evolving global financial marketplace.

Regulators had already opened loopholes in the laws to allow some US banks into securities and insurance. Brokerages and insurers will now, in turn, be able to target banks.

Analysts say that could fuel

a wave of mergers in the industry as companies compete to build "financial supermarkets" offering all of the services customers need under one roof.

Supporters of the bill say it will also benefit consumers, providing them with greater choice and convenience and spurring competition that will lead to lower prices.

"Everybody who uses financial services will benefit from this bill, everybody who borrows money, everybody who has a checking account or credit card, everybody who buys insurance or securities," Senate Banking Committee Chairman Phil Gramm said. "And when you sum that up, that's everybody in America for all practical purposes."

BOI presentation on investment promotion in S Africa Tuesday

In a bid to attract foreign investment into the country, the Board of Investment (BOI) will hold a presentation on investment promotion in Johannesburg, South Africa, on Tuesday, reports UNB.

BOI sources said that the "First Bangladesh Investment Promotion Presentation" would be held at the commencement of the Commonwealth Business Forum to be held there on November 9-11.

Eminent personalities, business leaders, industrialists, high-level CBC and South African government officials and ministers are expected to join the presentation.

BOI Executive Chairman M Mokammel Haque and representatives from FBCCI and other business organisations will address various investment-related issues.

France for China's quick WTO entry

PARIS, Nov 5: French President Jacques Chirac said yesterday Washington would have to live with globalisation and the shift in trade and influence that came with it, despite the isolationist tendencies of the US Congress, reports Reuters.

Chirac, addressing a conference on challenges for the 21st century, said China should be associated as quickly as possible with a further round of global trade liberalisation.

With the emergence of several regional groupings such as the European Union and similar blocs in Asia and the Americas, a new world order was being established, Chirac said.

This development is desirable and has prompted me over the past four years to redouble efforts to organise this multipolar world.

"The situation is being taken badly by many countries, and among them the most powerful, the United States, where Congress gives in too often to the temptation of unilateralism and isolationism," he said.

The seeds of what could one day turn into a new bipolar tension between Washington and Beijing are already noticeable," Chirac, who played host to Chinese President Jiang Zemin just a week ago, said.

Chirac said France would be seeking a strengthening of the World Trade Organisation (WTO) as the agency that policed past and future trade liberalisation rules and that it was logical for China to seek membership of such a global supervisory body.

"The WTO must be an unchallenged and unchallengeable referee and a referee for each and everyone, which is why I hope that China will be able to complete membership negotiations as fast as possible and be associated with the launch of the new free trade round, in Seattle in December," he said.

New Zealand to its other offices. With so much international attention, New Zealand is determined to prevent a Y2K disaster. The government has worked closely with utilities and other companies to encourage them to take necessary action early on, checking the computers and replacing equipment or software, when needed.

John Good, special adviser to the Y2K Readiness Commission, which the government set up in October last year, says the main goal is not only to protect the health and safety of New Zealanders and to curb economic damage, international relations are also at stake.

"For a few hours, the rest of the world is going to be looking at us," Good says.

What worries Good and other officials is that even if nothing goes wrong, people might panic and cause new trouble — such as rushing to withdraw money from banks.

The government has been trying to educate the public with a \$1.3 million campaign to encourage people to be prepared as they would for a flood or storm by stocking up on flashlights, food, water and other emergency items.



Mokammel Haque, Executive Chairman of the Board of Investment (BOI), addresses the closing session of the BOI-UNCTAD workshop on 'Strengthening of the BOI's one-stop service' at a city hotel Thursday. Also seen in the picture, among others, are Paid McMenamin, President of WAIPA, and Urs Nagel, UNCTAD Programme Manager.

— BOI photo

UNCTAD-BOI workshop suggests LDCs' investment guides Call for promoting one-stop service to back investors

A two-day workshop in the city on Thursday recommended strengthening of the BOI's (Board of Investment) one-stop service for providing effective support to the foreign and local investors, reports BSS.

The workshop also suggested preparations of investment guides to provide objective and up-to-date information on investment conditions and capacity building in the LDCs. Investment experts from MIDA, Malaysia, Boards of Investment of Thailand, Sri Lanka, Scotland and the consultants of the projects, shared their experiences in the workshop, jointly organised by the United Nations Conference on Trade and Development

(UNCTAD) and BOI. The workshop was preceded by another workshop on Investment Guide and Capacity Building for the Least Developed Countries organised by UNCTAD, Bangladesh, BOI and ICC. It was inaugurated by the Minister for Commerce and Industries Tofail Ahmed.

The inaugural session was chaired by the Executive Chairman of BOI, M Mokammel Haque, and addressed by Mahbubur Rahman, President of ICC Bangladesh, Andre Klap, Acting Resident Representative of UNDP, Dhaka and Vishwas P Govitrikar, Project Manager of UNCTAD-ICC Project.

The objectives of the workshop were to introduce the

project and to present some findings on the external perception of Bangladesh as an investment location, to solicit the views of both the private and the public sectors on the evolution and the current state of investment climate in Bangladesh with special attention to the regulatory framework for FDI and to review a partial and preliminary draft of the Investment Guide for Bangladesh.

The second workshop is expected to be organised in Dhaka by the end of February, 2000.

The Panel Discussion on "Understanding the Decision-making process of the Foreign Investors" was chaired by Dr Akbar Ali Khan, Secretary, Finance Division, Ministry of Finance, and addressed by Paid McMenamin, President, WAIPA, Urs Nagel, Programme Manager, UNCTAD, Iqbal Ismail, Director, Industries Division, MIDA, Malaysia.

Meanwhile, the panel discussion on "one-stop service of BOI" was chaired by AKM Shamsuddin, President, Foreign Investors Chambers of Commerce and Industries (FICCI), and addressed by Paid McMenamin, President, WAIPA, Terry Budden, Managing Director, UNOCAL (Bangladesh Ltd), and Nadzur B Azhari, Director, Kosel Bangladesh Ltd.

The closing session of the workshop was chaired by M Mokammel Haque, Executive Chairman of BOI, and participated by Urs Nagel, Programme Manager of UNCTAD, and Andre Klap, Resident Representative of UNDP.

Moore invites critics for trade debate

GENEVA, Nov 5: World Trade Organisation (WTO) chief, Mike Moore yesterday held talks with key critics of the body, saying they voiced public unease over the effects of open trade on farming and the environment and should be heard, says Reuters.

Moore, who has already faced down headline US opponents of the WTO, had separate meetings with two rival French farmers' leaders and invited in a senior official of the Greenpeace movement taking part in a protest outside WTO headquarters.

The former Labour prime minister of New Zealand then called in Swiss farmers who were also demonstrating over what they see as a threat from the WTO to end agricultural subsidies.

"My friend is a man of conviction who cares about the issues and reflects the views of a lot of people," the smiling WTO Director-General declared as he stood alongside radical French peasant leader, Jose Bove, after their meeting.

He then held talks with Luc Guyau, leader of the mainstream French farm grouping FNSEA.

In a statement issued later, Guyau said he had argued that farming had to be recognised as a "multifunctional" activity whose products could not be equated with industrial goods.

This is the line taken by the EU and Switzerland as well as Japan, South Korea and Norway in stalled talks in Geneva on the agenda for a new round.

Oil price rise, better cost containment Shell profit more than doubles

LONDON, Nov 5: Higher oil prices and improved cost containment led to a 115 per cent jump in third-quarter profits for the Royal Dutch Shell Group of Cos, reports AP.

The Anglo-Dutch oil company announced Thursday that net income calculated on the basis of the current cost of supplies rose to \$1.81 billion from \$841 million during the same quarter a year ago. These net income figures don't include inventory gains and losses or one-off credits and charges.

Slimmer profit margins in Shell's marketing business offset some of this growth, and the result came in at the lower end

of many analysts' expectations. Shell's stock slipped 2 per cent from Wednesday's close and was trading at midday at 455 pence (\$7.51) per share.

In Amsterdam, Royal Dutch shares were trading down 2 per cent to \$6.70 euros (\$59.44) per share.

Exploration and production earnings for July-September were \$1.165 billion, more than quadruple last year's level. Much of the reason was higher oil prices. Prices for North Sea Brent crude increased to an average of \$20.60 a barrel during the third quarter from \$12.45 in the same period of 1998, the company said.

Russia heads for fragile growth

MOSCOW, Nov 5: Russia's economy is heading for its first year of significant growth since the end of communism in 1991, but the recovery is fragile, Finance Minister Mikhail Kasyanov said yesterday, reports Reuters.

"Forecasts for economic growth make it possible to say the negative tendency has been stopped," Kasyanov told a news conference.

"There is reason to believe that Russian GDP (gross domestic product) will rise about two per cent compared with 1998." Such growth would mark only the second time GDP has risen this decade, and easily tops the 0.6 per cent rise of 1997. Itar-Tass news agency earlier quoted the government information department as saying GDP rose 1.8 per cent year-on-year in the third quarter.

Last year's rouble devaluation and debt default sent the economy into a spiral. GDP contracted 4.5 per cent, resulting in delicate growth this year, Kasyanov said.

"This is a very important sign, because it gives us grounds to say that the trend has changed," he said.

"But these are the first signs of overcoming the crisis. There are a number of actors which could have a negative impact on the fragile situation," Kasyanov said.

He said the economy was over dependent on world prices for raw materials, Russia's main exports and hard currency earners.

Kasyanov also said inflation was behind higher-than-planned revenue collection, and added that tax arrears had increased.

The cheaper rouble, which the central bank is now letting depreciate inline with inflation, has proved a boon for domestic producers as exports have been priced out of the market.

International Monetary Fund Deputy Director Stanley Fischer said Russia's economy was performing better than could have been expected after the crisis.

Six best Y2K-ready states

PARIS, Nov 5: France stands alongside Australia, Britain, Ireland, Singapore and Hong Kong as one of the six countries best prepared for the millennium bug, according to an international group studying countries' readiness for Y2K, reports Reuters.

But the group, Global 2000, said nine states out of 49 studied in September still needed to make "significant improvements" to ensure energy, water and other key sectors were not disrupted by the dawn of the new millennium, which could wreak havoc with computers unable to recognise the 2000 date.

These included Russia and a handful of countries in Latin America, Asia-Pacific and Eastern Europe, Global 2000's Jim Devlin told Reuters in a

telephone interview.

Devlin said the United States was not in the top six because it had a water distribution problem. He gave no further details.

Because of the sensitivity of the issue Devlin declined to name the countries on the red list, other than Russia, which he said was viewed as the most serious case by all organisations studying the millennium bug. "They (the Russians) have admitted their attitude is 'we'll fix it when it attacks,'" Devlin said.

Global 2000 is an informal organisation of banks, securities firms and insurance companies, set up to minimise the risks to the global markets.

It regularly updates a survey of Y2K readiness in seven sectors — financial firms, clearing

and settlement bodies, telecommunications, transport, water, energy and government administrations — in the 49 countries it considers to be most important for global financial markets.

Devlin said that while Y2K preparedness was "satisfactory" in the large majority of countries monitored, at the time of the last survey in September there were still nine countries on Global 2000's red list of areas requiring "significant improvement."

"Most of these are in the energy and water sectors. We are concerned that at this late date countries are not paying attention to this," he said, pointing out that power failures and a lack of water for fire safety and sanitation could oblige businesses to close.

NZ prepares to be the first to face Y2K

AUCKLAND, Nov 4: No one knows for sure what will happen if the computer glitch called the "Y2K bug" strikes after midnight Dec 31. Computer systems could go haywire, towns might black out, trains may stop and medical life-support systems could fail, reports AP.

But what everyone does know is that it will all happen first in New Zealand.

Its proximity to the international date line — just 185 miles (298 kilometers) at its closest point — makes it the first large nation to greet the year 2000.

The millennium bug refers to the inability of older computers, which read years by the last two digits, to recognise the difference between the years 2000

and 1900. When the clock strikes on the new year, it is feared those computers will fail. And with computers controlling everything from stock trading to office-building elevators, the damage could be widespread.

So for the first hours of Jan 1, 2000, the rest of the world will be watching to see what happens — or doesn't happen — in New Zealand.

It's a responsibility New Zealand is taking seriously. A special Web site has been set up to instantly relay information about any Y2K disruptions in New Zealand. And officials say they are worried about being deluged with calls from around the world.

Experts say that whatever happens in New Zealand is a reliable sign for what is likely to hit elsewhere.

The 13-hour difference between New Zealand and Europe, and the 18-hour difference with the United States, might not be enough to fix complicated problems but is likely to be enough time for simple changes.

They may be as easy as switching something off, says John Murphy, senior consultant on the Y2K problem for Compaq Computer New Zealand.

"You could avoid a domino effect," Murphy says.

Like many other global corporations, Compaq, which has offices in 100 countries, will be relaying whatever it learns in

at us," Good says.

What worries Good and other officials is that even if nothing goes wrong, people might panic and cause new trouble — such as rushing to withdraw money from banks.

The government has been trying to educate the public with a \$1.3 million campaign to encourage people to be prepared as they would for a flood or storm by stocking up on flashlights, food, water and other emergency items.

Business on such Y2K goods has been picking up, said Tony Mayes of Doyle's Outdoors, a camping store in Auckland, a coastal city in northern New Zealand.

"We've had a lot of older people coming in and wanting to be prepared, worried about not being able to make a cup of tea," Mayes said.

Allaying people's more serious fears is also an important task. Auckland Healthcare Services has been handing out leaflets telling patients they don't need to worry about failing hospital equipment, including respiratory monitors, dialysis machines and incubators. All have been checked and tested, and backup systems are in place in case of breakdowns.

TV ads urging Y2K awareness are aired often here, featuring a mascot cockroach who warns: "Be Y2K wise. All it takes is a little bit of planning, a little bit of thought."

TV ads urging Y2K awareness are aired often here, featuring a mascot cockroach who warns: "Be Y2K wise. All it takes is a little bit of planning, a little bit of thought."