

SANYO
Japan
Colour TV
Transfin Trading Ltd.
Tel: 81507-10, Fax: 813062
Installation Facility Available

The Daily Star BUSINESS

DHAKA, TUESDAY, NOVEMBER 9, 1999

Beauty & Barber Salon
10 am-7 pm for Ladies
10 am-8 pm for Gents
Tk. 200 for Lady's & Gents' Haircut
Beauty Packages • Bridal Make-up & Decoration • Skin Care Program
Manicure & Pedicure • Facial • Wax • Wax • Wax
THE PAN PACIFIC SONARGAON
Dhaka • 8111005 Ext: 4144 (Gents) 4143 (Ladies)

Treasury bill auction held

The 61st auction of the 28-day, 91-day, 182-day, 364-day, 2-year and 5-year treasury bills was held in city Sunday, says UNB.

The offered amounts against the bills (excluding 5-year bill) were Tk 990 crore, Tk 2 crore, Tk 69.5 crore, Tk 59.5 crore and Tk 47 crore. No bid was offered for the 5-year bill.

Of these, Tk 671.50 crore, Tk 1 crore, Tk 63.5 crore, Tk 53.5 crore and Tk 11.0 crore of the 28-day, 91-day, 182-day, 364-day and 2-year bills were accepted respectively.

Range of implicit yields against the bills were 6.70 per cent, 6.83 per cent, 6.92 per cent, 7.51 per cent, 7.82 per cent, 8.10 per cent, 8.17 per cent and 8.90 per cent per annum respectively, said a press release.

Japan's economy grows slower than expected

TOKYO, Nov 8: Japan's economy grew less than first thought in the three months to June, official figures showed today, but analysts still expected it to meet Tokyo's annual target, reports AFP.

A sharp rise in imports led Tokyo to revise down its gross domestic product (GDP) growth figure to 0.1 per cent from the previous quarter, compared to an earlier estimate of 0.2 per cent.

The world's second largest economy grew at a 0.4 per cent annualised rate in the quarter, down from the earlier estimate of 0.9 per cent growth, the Economic Planning Agency said in a statement.

"As imports of goods increased, the net export data was downgraded," said an agency official. Imports rose 1.6 per cent in the quarter, more than double the earlier estimate of 0.7 per cent, the agency said.

But the economy could shrink 0.4 per cent quarter-on-quarter in the third and fourth quarters and still hit the government target of 0.5 per cent growth for the full financial year to March, he said.

Prime Minister Keizo Obuchi's ruling coalition is expected this week to lay out more than 15 trillion yen (143 billion dollars) in spending to safeguard that recovery, he said.

A general election is widely tipped for next summer. Analysts expected growth to be anemic or negative in the three months to September, but they said the official full-year target of 0.5 per cent growth was safe.

Figures for the September quarter are scheduled for release in December.

"In the September quarter, GDP will likely fall into negative territory because of a slow-down in consumption and a fall in housing starts," said Hisashi Yamada, senior economist at the Japan Research Institute.

"But the overall trend of the Japanese economy is steadily moving upward and it is safe to say the government can achieve its official goal thanks to strength in exports and a recovery of consumption."

E Europe may see positive growth in 2000

LONDON, Nov 8: All eastern European economies will register positive growth in 2000 for the first time since the fall of the Berlin Wall 10 years ago, according to a report today by the European Bank for Reconstruction and Development (EBRD), reports AFP.

In its Transitional Report 1999, which looks at how the former Communist states have fared in the past 10 years, the EBRD says: "The people of central and eastern Europe have gained wide-ranging political and economic freedoms."

"In the countries of central Europe and the Baltic States, strong reforms have yielded significant benefits in terms of output growth and restructuring," it said, forecasting gross domestic product growth of 3.2 per cent in 2000—double the projected figure for this year.

"However, the report warns: 'Elsewhere the transition has been stunted by partial reforms and persistent weaknesses in market-supporting institutions and behaviour.'"

"Although living standards have improved for many people across the region, others have suffered severe social stress and hardship during the transition."

The report warns that the number of people living below the poverty line has grown to almost 170 million, compared with 13 million in 1988.

It also warns the Russian financial crisis continues to cast a shadow over reform efforts in the Commonwealth of Independent States, the conglomeration of former Soviet republics. It predicts growth of 1.1 per cent for the CIS and 1 per cent for Russia.

Only 19 per cent of respondents cited the cyclical as their preferred sector compared with 37 per cent in October while the balance swung towards financial and growth stocks and the previously ignored insurance sector.

Hardware dealers term smuggling apprehensions as baseless Tofail's PC tax re-imposition remarks come under fire

By M Shamsur Rahman

A recent remark by a top minister over duty re-imposition on computers have evoked sharp criticism from hardware dealers who termed the government's apprehension of computers being smuggled into India as baseless and a pretext for preparing the ground to reimpose taxes in order to make up for its revenue losses.

Some termed the comment on tax re-imposition as suicidal for the entire nation, saying that by imposing duties, the government will only deny the "last golden opportunity and potential" to save the younger generation who are about to step into the new IT millennium.

Commerce and Industries Minister Tofail Ahmed, while inaugurating a computer training institute on Saturday, said that tax on computers may be reimposed to put a curb on its smuggling into India. However,

a day after his comment, Tofail clarified that the government had no intention to impose tax on PCs.

The minister also quoted Finance Minister SAMS Kibria as saying that "During the last one month, computers worth Tk 22 crore were imported. I apprehend that a large number of them are being smuggled out to India."

The finance minister's observation also contradicted a comment by State Minister for Planning Dr. Mohiuddin Khan Alamgir who, while speaking at the concluding ceremony of a workshop on "Information Technology" a week ago, claimed that the country earned US\$ 6 billion through software exports since the waiver of taxes on computers.

Talking to The Daily Star, some hardware dealers said that such apprehensions were baseless as they had never

heard nor read in newspapers about computers being smuggled to India.

"Besides, the figure regarding import of computers and accessories worth Tk 22 crore is that of August and there was a sale of around Tk 27 crore computers from the BCS Computer Show '99 held at the IDB Bhaban in the very next month. So how could computers be smuggled out?" asked BCS President Aftabul Islam.

He also said that it would be suicidal to impose taxes at this stage because hardware is becoming cheaper and more people are now interested in computers following the withdrawal of duty on the sector.

He said that during the BCS show, some 3.50 lakh people from all walks of life visited the computer stalls, reflecting their interest in IT.

"Most of these visitors were students who are about to step

into the third Millennium, and if we reimpose duties on computers now, we will get back to the same place where we were a year ago."

He said that the new millennium was a millennium of IT and the imposition of tax on computers would mean felling of trees which have only been planted a year ago.

Aftab also said the absence of warranty for smuggled goods would act as another factor in preventing computer smuggling. Normally, there is a three-year warranty for a computer.

He also said Bangladesh is one of the cheapest destinations for buying IT hardware as their price is almost same as that in Singapore and Malaysia, and considering the price structure in neighbouring countries, it is not economically viable to smuggle computers from Bangladesh.

Trading by unregistered brokers SEC orders DSE to show cause

Star Business Report

The Securities and Exchange Commission (SEC) has issued a show-cause notice to Dhaka Stock Exchange (DSE) asking the bourse to explain within seven days why it allowed six of its members to participate in trading despite their not being registered with the Commission.

In a letter to the Chief Executive Officer (CEO) of the Dhaka bourse, the SEC reminded that transactions by stockbrokers without required registration certificates from the SEC were prohibited.

Earlier on October 31, the SEC suspended some 53 brokers registered with both the bourses for not having registration certificates.

Of these, six were with DSE while the rest are

Chittagong Stock Exchange (CSE) members.

As per the regulation of the Securities and Exchange Commission, a broker cannot transact in securities without obtaining stock dealer/broker registration certificates.

But defying the SEC directives, DSE had allowed all its members to participate in the trading on November 2, 1999.

The unregistered securities firms which had participated in trading on that very day are: Golbe Securities Ltd, Ragib Ali Securities, Capital Roots Securities, Time Securities, Dhaka Bank Ltd and Dynamic Securities Ltd.

Dynamic Securities, however, received its registration certificate on November 4.

Russian minister demands bribe from UK firm

LONDON, Nov 8: A British company seeking to invest in Russia faced demands from a senior Russian minister for a bribe of millions of dollars, BBC television reported on Sunday, says Reuters.

A consultant to the company told the BBC's Money

Programme that the minister asked for the bribe in exchange for his approval of the investment. Neither the company nor the minister were identified.

"It was made fairly clear through intermediaries to our client that the signatures of the official would be applied to an agreement on payment of a seven figure sum into a foreign bank account and if that money was not paid the signature would not be applied," said Toby Latta, of consultants Control Risks Group.

The company declined to pay the bribe and the project did not go ahead, Latta said.

Geneva prosecutors say they are probing charges that Swiss construction company Mabetex paid the Kremlin bribes to win renovation contracts, Mabetex and the Kremlin deny the charges.

Top Geneva prosecutor Bernard Bertossa has said Mabetex was one of many companies being investigated.

UK Treasury raises growth forecast

LONDON, Nov 8: Britain's Labour government said today it had raised its forecast of the economy's trend rate of growth to 2.5 per cent but cautioned this did not apply to the public finances, reports Reuters.

Confirming rumours that have circulated for some time, the Treasury released a paper arguing it believed the economy had the potential to grow slightly faster over the next five years than the 2.25 per cent a year it had been assuming and which had been the trend rate for the 1990s.

The admission is likely to be seized upon by the opposition Conservatives who had themselves raised the forecast for "trend" growth—that which can be sustained without sparking inflation—to 2.5 per cent during the last parliament, only to see it cut to 2.25 per cent by Labour when it took power in 1997.

Now, however, the Treasury is saying there are a number of reasons to believe that trend growth may be improving, but that they are not going to make the mistake of assuming it has and adjust their public finances accordingly.

"Our analysis now shows that the neutral trend rate may be around 2.5 per cent. But we will continue to base our fiscal assumptions on 2.25 per cent to ensure the forecasts are done on a prudent basis," said a Treasury spokesman.

He added that the 2.25 per cent rate would be adhered to at least for next week's pre-budget report, next year's budget and the three-year spending programme to be worked out next summer.

Estimates of economic growth are crucial for governments when they do projections of how much they are going to spend on public services and welfare and receive in tax income.

The Treasury's report says quite simply it expects higher growth because demographic trends means the workforce will expand in the coming years and that overall rates of employment will rise from current levels, allowing greater total output.

European fund managers see lower bond yields

LONDON, Nov 8: European fund managers expect lower bond yields over the next year for the first since 1995 reflecting their increased confidence that inflation is under control, according to the Merrill Lynch Gallup Survey for November, released today, reports Reuters.

It found the net balance of investors expecting higher European inflation in a year's time fell to 29 per cent this month from a net of 51 per cent in October.

It also revealed that while 26 per cent more respondents expected higher bond yields in a year's time, compared with 49 per cent last month, 32 per cent expected lower bond yields, double the October number.

The survey was done between October 20 and November 3—before the European Central Bank raised interest rates by 50 basis points—and involved 77 European fund managers with assets under management totaling 1,960 billion euros.

"Fund managers were expecting the rate rise and they are expecting it to be sufficient to control inflationary pressures over the next 12 months," said Bryan Allowhry, European equity strategist at Merrill Lynch.

"In general, fund managers have an extremely positive outlook for the general economic situation in Europe, with 96 per cent of respondents saying conditions will get better in the year ahead," he added.

The forecast flattening of the yield curve has led to a shift in investor preference away from cyclical stocks, the survey found.

Decisive move to offload shares in 12 companies Privatisation Board unlikely to meet ADB-set deadline

With some restrictions removed, the Privatisation Board now moved decisively to offload government shares in 12 companies but might not comply with a donor's deadline, reports UNB.

The Asian Development Bank (ADB) requested the government to offload its shares in 17 companies by December 31 as one of the preconditions for release of a second installment of aid under the Capital Market Development Loan Programme, sources said.

They said the Ministry of Finance at a meeting on October 24 instructed the Board for taking measures to offload the shares by the deadline.

As a follow-up to the instructions, the Board has intensified the process through distributing responsibilities among its officials, PB sources said.

"It's not possible to offload shares from the organisations, Bar Reckit & Coleman Ltd, within the time frame... it will require some more time for procedural reasons," PB chairman Kazi Zafarullah told UNB.

As part of the process, he said, market lots of the shares are to be prepared after formal

receipt of those shares from the Finance Ministry. "We have already sent a letter to the ministry requesting to submit the shares to the Board."

Explaining status of the shares of four units—National Tubes Ltd, Eastern Cables, Atlas Bangladesh and Metalex Corporation—Zafarullah said those were operating profitably.

He said shares from the four could not be offloaded earlier as the ministry instructed the Board not to divest the shares in the profitable companies.

"Gone are the restrictions," he said, adding it would not be difficult to sell out the shares in the profitable concerns having demand on the market, he added.

He found problem with the shares in four losing concerns—Renwick Janeswar & Co, Usmania Glass Sheet Factory, Zeal Bangla Sugar Mills and Shyampur Sugar Mills.

The shares in Renwick and Usmani Glass would be possible to offload at market prices, but the articles of association restricts the government shares from offloading at a price below the face value, he said.

The restrictions should be

withdrawn... We will submit a proposal to the cabinet. I hope the proposal will be accepted," the PB chairman said.

On the other hand, he said, the shares of Zeal Bangla Sugar Mills and Shyampur Sugar Mills are almost impossible to sell now due to bad financial position.

Zafarullah said the government shares in three multinational companies—Mirpur Ceramics, Berger Paints and Siemens Bangladesh—are possible to sell now, but it would be delayed pending negotiations with the headquarters of the companies. "The process has already been started."

It is not possible for the government to withdraw from the rest five of the 17 companies at present as those are private limited companies, he observed.

The companies are Arco Industries Ltd, National Iron and Steel, Tiger Wall Products, Dhaka Match Factory and SAF Industries.

The PB chairman said it's compulsory to offer to the private shareholders the government shares if the government wants to offload.

Y2K fears slow Thailand's investment recovery

BANGKOK, Nov 8: Thailand is well prepared for the millennium bug, but Y2K fears are still slowing the inflow of investment in the run-up to 2000, according to the US Chamber of Commerce in Thailand, says AP.

While major US players are coming to Thailand as it claws back from financial crisis that began in 1997, the recovering economy still suffers from being classified as a Y2K risk, now a key consideration for new investors.

Chamber President Warren Gerig said Thailand needs to advertise better the steps it has taken to be ready for Y2K.

Y2K, or the millennium bug, refers to the potential for chaos in old computer systems which read years by the last two digits. They could mistake 2000 for 1900, come Jan 1, causing breakdowns.

Everything from stock-trading to banking to elevators in high-rise office blocks could be at risk of malfunction.

"I think Thailand has been labeled by some as high risk," Gerig told The Associated Press in an interview last week. "That may cause some change of investment, particularly in the stock market and mutual funds."

"But if people outside Thailand have an idea of what has been done here, I think it would be seen as low risk," he said.

The Stock Exchange of Thailand has reported that nearly all of its 397 listed companies, which have spent a total 5.6 billion baht (\$140 million) to fight the bug, are Y2K compliant. Companies are required to give quarterly progress reports or be delisted.

The central bank says all Thai financial institutions are ready, and the Board of Investment maintains that Y2K is not a problem.

American Airlines face possible indictment over hazardous cargo

MIAMI, Nov 8: A federal grand jury reportedly is considering criminal charges against American Airlines following a two-year investigation into its acceptance of hazardous cargo, says AP.

The case stems from an incident in October 1997 when passengers had to evacuate from an American Airlines plane at Miami International Airport because an illegal shipment of 500 pounds (227 kilograms) of a toxic pesticide broke open while being loaded as cargo. The Miami Herald and The New Yorker reported.

American Airlines referred questions to its attorney, Richard Poston, who did not return a telephone call on Saturday.

The legal limit for such shipments is 2.2 pounds (one kilogram). The New Yorker reports in its Nov. 15 issue.

An indictment could come within days, the Herald said in Saturday's editions.

The incident came during a federal crackdown on dangerous cargo that followed the 1996 ValuJet crash, which was blamed on a fire produced by an illegal shipment of oxygen generators.

The airline has repeatedly said it was cooperating with federal authorities even before 60 federal agents raided its Miami cargo terminal and offices for documents on hazardous materials three weeks after the pesticide spill.

The seized documents revealed almost a complete lack of control and security for excess baggage and unmarked cargo, the Herald said.



Japan's electronics giant Sony unveils the new digital camcorder "MD DISCCAM" DCM-M1, which is able to record a 20 minute-movie or still images on the new 650MB mini-disc, at the company's head office in Tokyo on Monday. Sony will put it on the domestic market next month with a price of 250,000 yen (2,380 USD). — AFP photo

US-China WTO talks seen tumbling on concessions

HONG KONG, Nov 8: China's talks with the United States on entry into the World Trade Organisation could stumble if it refuses to match concessions it made in an April package which the United States rejected, a senior US academic said, reports Reuters.

"We have to acknowledge the structural problem that the United States is going to want an April agreement, or better and the pressure on China is going to be less than (before)," Harry Harding, dean of the Elliott School of International Affairs of the George Washington University, said in an interview.

To join 134-member WTO, China must reach market opening agreements with the United States, as well as with the European Union and other major trading partners.

Negotiations between the United States and China have been marred by a dispute over market-opening concessions proposed by Premier Zhu Rongji during a visit to Washington in April.

The United States wants China to commit to that package, which included unprecedented tariff cuts and increased access in agriculture, telecommunications and financial services.

Washington also hoped to win additional concessions from China to open its finance and banking sectors and to improve safeguards against Chinese exports of steel and textiles.

The gap is going to be very, very hard to bridge, and what's more, everybody will be able to make the comparison, because the April agreement was published, this is a very, very difficult position," Harding said.

The Clinton administration wants to complete a market-opening agreement with China in time for a critical November 30 to December 3 meeting of WTO leaders in Seattle.

Despite the difficulties over WTO talks, their resumption signalled bilateral relations were thawing, Harding said.

The relationship is beginning procedurally to move out of the immediate post-bombing era," he said.

Beijing froze WTO negotiations with Washington in May after NATO bombs destroyed the Chinese embassy in Belgrade during the Kosovo war.