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The Daily Star BUSINESS

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Canadian banks ready for Y2K

OTTAWA, Nov 28: The woman overseeing Y2K preparations for Canada's banks already knows what she is going to say when the phone rings at midnight on December 31: "All is well, happy new year from Canada's banks," reports Reuters.

Karen Michelle, director of Y2K at the Canadian Bankers Association, said the country's 53 banks are confident it will be business as usual when the clock ticks into the year 2000, along with thousands of bank computer chips.

"In Canada, the banks have been working on Y2K since 1995... they are considered to be world leaders in terms of preparation for the year 2000," Michelle said. "All of our systems have been tested, have been rolled over into a year 2000 environment, and they are ready for the new year."

The Y2K problem, or "millennium bug," refers to potential shutdowns or disruptions in computers programmed to read only the last two digits in a year. That could make them unable to tell whether the date advances to 2000 or recedes to 1900 at midnight on December 31, 1999.

Michelle said Canada's banking industry has cooperated to ensure that connected systems within the financial sector, those that handle direct deposits, credit card transactions and check processing, for instance, all work together.

In August, tests of widely used, industry-wide systems such as Interac went off without a hitch. Interac is responsible for the network that links 24,788 automated banking machines and more than 425,000 point-of-sale debit card terminals across Canada.

Visa and Mastercard, the credit cards issued by Canadian banks, have also passed the Y2K readiness test.

The banks will have an extra buffer, a long weekend, to start the new year with. Financial markets will be closed in Canada on Monday, January 3 for the New Year's statutory holiday. That will give banks more breathing room to reset any disabled systems.

Shamsul Kamal joins CDS as MD and CEO

Star Business Report

A G M Shamsul Kamal has been named the first Managing Director and Chief Executive Officer of the proposed Central Depository System (CDS) of Bangladesh.

He took over the charge of the company last week, says a press release.

The decision to appoint him MD was taken unanimously at a meeting of the Board of Directors of Bangladesh National Securities Depository Limited (BNSDL) held in the city last Monday.

Kamal brings with him rich experience in the commercial as well as capital market in the country.

Other members of the board were also present at the meeting.

Padma Textile declares 5 pc dividend

Star Business Report

Padma Textile Mills Ltd has declared a 5 per cent dividend for its shareholders for the year 1998.

The dividend was announced at the 15th annual general meeting of the company held in the city on Saturday, says a press release.

The meeting was presided over by A S F Rahman, Chairman of the Board of Directors.

The company earned a gross profit and net profit of Tk 600.403 million and Tk 236.687 million respectively for the year 1998.

The shareholders were highly satisfied with company's growth both in terms of turnover and profit.

Salman F Rahman, M A Qasem and A B Siddiqui Rahman, directors, attended the meeting.

A large number of shareholders attended the meeting.

Beximco Textiles announces 5 pc dividend

Beximco Textiles Limited has declared a 5 per cent dividend for its shareholders for the year 1998.

The dividend was announced at the 5th annual general meeting of the company held in the city on Saturday, says a press release.

The meeting was presided over by A S F Rahman, Chairman of the Board of Directors.

The company earned a gross profit and net profit of Tk 587.41 million and Tk 247.69 million respectively for the year 1998.

The shareholders were highly satisfied with company's growth both in terms of turnover and profit.

Salman F Rahman, Vice Chairman and Directors Iqbal Ahmed and Shabbir Hashmi — attended the meeting.

Hardware, software fully-compliant, say providers

DSE set to carry out mock Y2K trading in mid-Dec

By M Shamsur Rahman

The Dhaka Stock Exchange (DSE) is well set to carry out mock automated trading mid-next month by artificially changing dates to December 31 and rolling over to year 2000 to ensure a smooth transition to the new millennium.

DSE officials said that the hardware and software providers had assured them of the systems' compliance to face the Year 2000 glitches.

"We have obtained necessary papers certifying the compliance of our machines, but we plan to conduct the rollover test to ensure that nothing will go wrong," according to DSE Chief Executive Officer G G Chowdhury.

With less than 32 days to go before the Y2K bug hits computer microchips across the globe, the stock exchanges of the country, fully dependent on telecommunications facilities, cannot consider themselves to be free from such glitches unless BTTB declares itself fully Y2K-ready.

The moves of the stock exchanges followed calls from the Securities and Exchange Commission (SEC) to upgrade their systems following fears of possible computer breakdown, which may cause serious troubles to brokers' workstations.

Both the stock exchanges launched automated trading systems last year, and since then, these have been functioning pretty well without reports of any serious malfunctioning.

But as the new millennium is about to set in, it poses serious threat to the country's stock business. And this prompted the regulators to call upon all concerned to make their machines Y2K-compliant.

The problems that are expected to arise out of non-compliance are:

- * At midnight January 1, 2000, the internal date of the computers will change from 31/12/99 to 01/01/00.
- * All the hardware and software that use the two-digit year convention will potentially start malfunctioning because the system will erroneously read 2000 as 1900 or some other wrong dates.
- * Hardware shutdown.
- * Data corruption.

A company may end up with wrong calculations regarding its dividend pay-outs or a securities firm may execute transactions never ordered by an investor.

These mere probabilities may turn into hard realities if measures are not taken beforehand, experts say.

The introduction of automated trading by both the bourses has made Bangladesh Telephone & Telegraph Board (BTTB) an integral part of the stock business, as members of the bourses dial in to the system and trade on-line.

The DSE has a total of 575 terminals which the brokers use for conducting trade. Of these, 30 workstations use the wide-area-network (WAN) from remote areas.

Experts fear that the millennium bug can be so fatal that even if computers at a single workstation used by a broker is not updated to face the Y2K glitches, it may cause the total trading system to collapse.

The DSE CEO, however, said that the IT division of the bourse had already tested the

PCs of every brokers and found all the machines ready for the big bug.

He said that after the rollover test, the authorities will be in a position to "evaluate the possible effects of Y2K, if any".

He said that the hardware vendors were already in the city while the software providers, expected to be here shortly, would conduct the test next month.

During the rollover test, the DSE will preserve its entire database in a safe place while the test run will be conducted by changing the dates to December 31, 1999, and the mock trading will continue till January 1, 2000, he said.

He also said that the bourse already has a contingency floor to allow trading in case of failure by any member house. "In case of failures, the brokers would be able to trade on the contingency floor," the CEO said.

He also said that for tackling power failures, DSE had two back-up generators to ensure trading for the entire period.

UK Trade and Edn Fair begins in city Dec 5

Star Business Report

The Third UK Trade and Education Fair '99 will begin in the city on December 5.

The three-day fair aims at promoting the UK companies and educational institutions to expand the market of their goods and services in this

country," said Stephen Turner, acting British High Commissioner, at a press conference at Dhaka Sheraton Hotel yesterday.

A total of 63 British companies and educational institutions will participate in the fair

jointly organised by the British High Commission and British Council with financial support from British Trade International, a UK government body responsible for trade promotion.

The participants represents a wide range of sectors including banking, oil and gas, agriculture, transportation and construction. A total of 42 British companies participated in last year's fair, while the number was 35 in the first fair held in 1997.

"We are running the fair to encourage more British companies to come in a greater way and look for markets here in the country," said Turner.

Besides giving the business people a scope for looking at a wide array of British products and services, the exhibition will enable potential students to discuss education opportunities in UK, he added.

Foreign Minister Abdus Samad Azad and the British High Commissioner in Bangladesh, David C Waker will inaugurate the fair.

Answering to a question, Turner said that the schedule of the fair would not be shifted if there is hartal on these days.

Turner said that Bangladesh's exports to UK were showing a steady growth. According to the British High Commission, Bangladesh exports to UK amounted to 197.5 million pound sterling till September '99 and imports from UK figured 46.6 million pounds.

During the period, Bangladesh's exports increased by 10.2 per cent compared to the same period last year, while imports dipped by 21.2 per cent.

Clive Allcorn, Head of the Commercial Section, Jon Geddes, Second Secretary of the British High Commission, and Ripa Wallie, Education Programme Manager of British Council, attended the press conference.

The fair will remain open for the general public from 12 noon to 9 pm on December 5, 10 am to 8 pm on December 6 and 10 am to 6 pm on December 7.

Japan okays \$380m loan for Philippines

MANILA, Nov 28: Japan will release 40 billion yen (\$380 million) in new loans to the Philippines to finance train, port and flood control projects, Japanese Prime Minister Keizo Obuchi said Saturday, reports AP.

'Asian financial crisis officially over'

HONG KONG, Nov 28: The Asian economic crisis is officially over and a remarkably strong recovery is underway, say leaders and economists, while warning that a slide into complacency could prove disastrous, reports AFP.

"I think for the first time we can say that the Asian financial and economic crisis is now over," said the Australian Treasurer Peter Costello after a week where several economies declared themselves out of recession.

"We lived through 1997, 1998 and into 1999 in extremely adverse circumstances. It appears now as if Asia is on the mend."

The strength of the rebound has taken many by surprise. The Asian Development Bank on Tuesday sharply upgraded this year's regional economic growth forecast to 5.7 per cent, from 1998's woeful 2.3 per cent.

"Events in 1999 have turned out to be far better than expected," the Manila-based bank said in a report. "The 1999 performance appears to be the beginning of a cyclical upswing as prospects for 2000 also appear strong."

Southeast Asian leaders Thursday announced their countries had finally shaken off the recession which set in last year in earnest.

Association of Southeast Asian Nations (ASEAN) members Indonesia, Malaysia, the Philippines and Thailand were at the centre of the mid-1997 currency meltdown that ushered East Asia to its worst post-war economic crisis.

ASEAN ministers said their economies should grow between two and three per cent on average this year compared to a disastrous seven per cent slump in 1998, and were now "poised for higher and sustainable growth" from 2000.

But at a meeting in Manila they said that "while our economies look much healthier compared to a year ago, the situation still remains vulnerable and there are risks."

BRC preliminary test for Officer post Dec 31

The preliminary test of the candidates for the post of officer of the state-owned commercial banks and financial institutions will be held under the supervision of the Bankers Recruitment Committee at different city centres on December 31 this year, says a Bangladesh Bank press release.

Meanwhile, admit cards are being sent to the candidates. The preliminary test of the candidates for the post of senior officer will be held later and admit cards will be sent to them in time, it added.

Welfare fund proposed at BIA AGM

Star Business Report

The Chairman of Bangladesh Insurance Association, M A Samad, has proposed that a welfare fund be created by the association to do some social work.

The proposal was made at the 12th Annual General Meeting of the association held at a city hotel on Saturday, says a press release.

The association is the apex body of 6 life and 24 general insurance companies.

In his annual report, Samad highlighted the progress and problems of private sector insurers.

In the field of life insurance in 1998, the premium income from life business in the country registered a growth. The total premium income from life business rose from Tk 3935.32 million in 1997 to Tk 4957.78 million in 1998, of which Tk 3555.88 million was earned by the private life insurance companies and Tk 1401.90 million by the Jiban Bima Corporation.

The annual growth rate of private sector life business was 33.70 per cent as against 31.67 per cent in 1997. Private sector life insurers made a substantial progress in new life business.

The total first year premium registered an increase from Tk 1287.65 million in 1997 to Tk 1527.20 million in 1998. The renewal premium increased from Tk 1361.51 million in 1997 to Tk 1837.56 million in 1998.

The life fund of private sector insurance companies stood at Tk 6337.08 million on 31st December 1998 as against Tk 4638.44 million on 31st December 1997.

The total investment of private life insurance companies increased from Tk 3225.99 million in 1997 to Tk 4222.10 million 1998.

Foreign firms see profits in Indian midsize car market

NEW DELHI, Nov 28: Foreign car makers see their future profits in the Indian auto market coming from the largely untapped midsize car sector, and are spoiling Indian customers for choice, reports AFP.

The midsize car market for next year is estimated at around 765 million dollars and players such as US manufacturer Ford Motor Co. are targeting an initial share of 15 per cent.

"We know there are several players launching midsize cars in the Indian market by the end of this year. But we have never shied away from competition," said Jacques Nasser, president of US-based Ford Motor Co.

Ford, which launched its midsize Ikon model last week, says dealers have already placed orders for 5,400 units.

"With the launch of the Ikon, we have shifted our focus to the Indian midsize car segment which we believe will grow the fastest in the immediate future," Nasser said.

Ford first entered the Indian car market in November 1995 with its luxury Escort. But three years of disappointing sales forced the company to change tack.

Other foreign companies such as South Korea's Daewoo

Motors and General Motors Corp. had similar experiences.

While the market for large cars has shrunk, analysts say greater spending power among the middle classes has seen a large number of consumers moving up from the small-size market.

"The market share of small cars slipped this year from 64 per cent to 49 per cent as there is a change in the lifestyle aspirations of middle-class Indians," said auto industry analyst Vinod Sidana.

"The midsize luxury cars will fulfil these new aspirations. Sales are expected to increase by one per cent to 60,000 units this year itself."

Sidana said that aggressive midsize car launches would also push volumes past the 80,000-unit sales mark in 2000.

South Korea's Hyundai Motors has already set the pace with the launch of its sedan Accent in three variants priced between 535,000 and 585,000 rupees (12, 588 and 13,764 dollars).

The Esteem, manufactured by Indo-Japanese maker Maruti is available at 488,000 rupees, while the Ford Ikon is priced at 499,000 rupees.

At the pricier end of the mid-

size market is Italian car maker Fiat's Siena, which goes for between 576,000 rupees and 698,000 rupees.

South Korean car maker Daewoo Motor has also priced its Cielo Executive and Nexia on the higher side.

But the world's largest car maker General Motors believes it is just not affordability that drives purchase decisions.

"We expect this segment to behave like the small car segment. Our midsize Opel Corsa will be positioned as the premium car within its segment," said Richard Swando, managing director of General Motors India.

Maruti's Baleno was scheduled to be launched on Monday, while GM's Corsa is due to hit the market early next year.

The top end of the small car segment can, with low costs, graduate to the relative luxury of midsize cars," said Philip Spender, managing director of Ford India Ltd.

India's car sector was opened to foreign companies following market reforms launched in 1991.

The market was dominated for over four decades by antiquated versions of British cars and, from the 1980s, by Maruti.

Global free trade theory takes a beating ahead of WTO meet

SEATTLE, Nov 28: The very foundations of the theory of free trade are rocking ahead of the World Trade Organisation (WTO) global negotiations, to be held here Nov 30-Dec 3, reports IPS.

A survey of top US economists finds that 97 per cent of them agree with the statement: "Tariffs and import quotas reduce general economic welfare."

However, in the wake of crises in Latin America, East Asia and Russia, a rising chorus is questioning the orthodoxes of trade liberalisation.

Contrary to the assertions of free trade boosters, critics say

that productivity and growth rates of industrialised economies have been halved during the past 25 years of liberalised global commerce — compared with the period before 1973 when trade was more regulated.

In the developing world, income growth has fared even worse.

Dissent has grown so strong that WTO Director-General Mike Moore recently lamented: "I thought the case had been made, but I guess we have to back up the truck and explain how we got here."

The classical rationale for free trade too shape in 1817 in

British economist David Ricardo's doctrine of comparative advantage. He argued that nations would reap the most benefits if they specialised in the products in which they had the greatest advantage or least disadvantage compared to other countries.

Free-trade theory was primarily developed and remains most popular in the dominant economic power — Great Britain in the 19th Century and the United States in the 20th.

Comparative advantage originally meant that those who were "relatively most efficient in industrial production (by good fortune Britain) would

continue to industrialise," notes historian Douglas Dowd. "While the most relatively efficient producers of food and drawers of water would go on doing just that."

In the 1840s, Ricardo's followers promoted the opening of British grain markets in part as a way to alleviate the Great Famine in Ireland; but Irish peasants remained too impoverished to buy cheaper grain.

Even the father of free-market economics, Adam Smith, recognised that restrictions on trade in critical sectors such as defense, navigation and public works were necessary for the development.

Beijing moves to complete pending WTO entry tasks

BEIJING, Nov 28: China, fresh from signing trade pacts with the United States and Canada, has shifted the focus of its World Trade Organisation entry bid to the European Union, the biggest trading power yet to reach a WTO agreement with Beijing, reports Reuters.

China's Foreign Trade Minister Shi Guangsheng said in Canada yesterday he would head directly to the WTO ministerial conference in Seattle to discuss China's entry drive with officials from the EU and other WTO members.

"In Seattle, I'll speak to the countries which have not signed a bilateral agreement on WTO with China," Shi told state television in a telephone interview.

The European Union might send a delegation to China to continue talks on China's entry to the WTO, he said.

The EU said it welcomed Canada's bilateral agreement with China on Friday, the latest obstacle to Chinese admission to the world trade club to fall since it wrapped up negotiations with the United States on November 15.

European Trade Commissioner Pascal Lamy is due to meet Shi on the sidelines of next week's WTO conference in Seattle, EU officials said. China will attend the Seattle meeting,

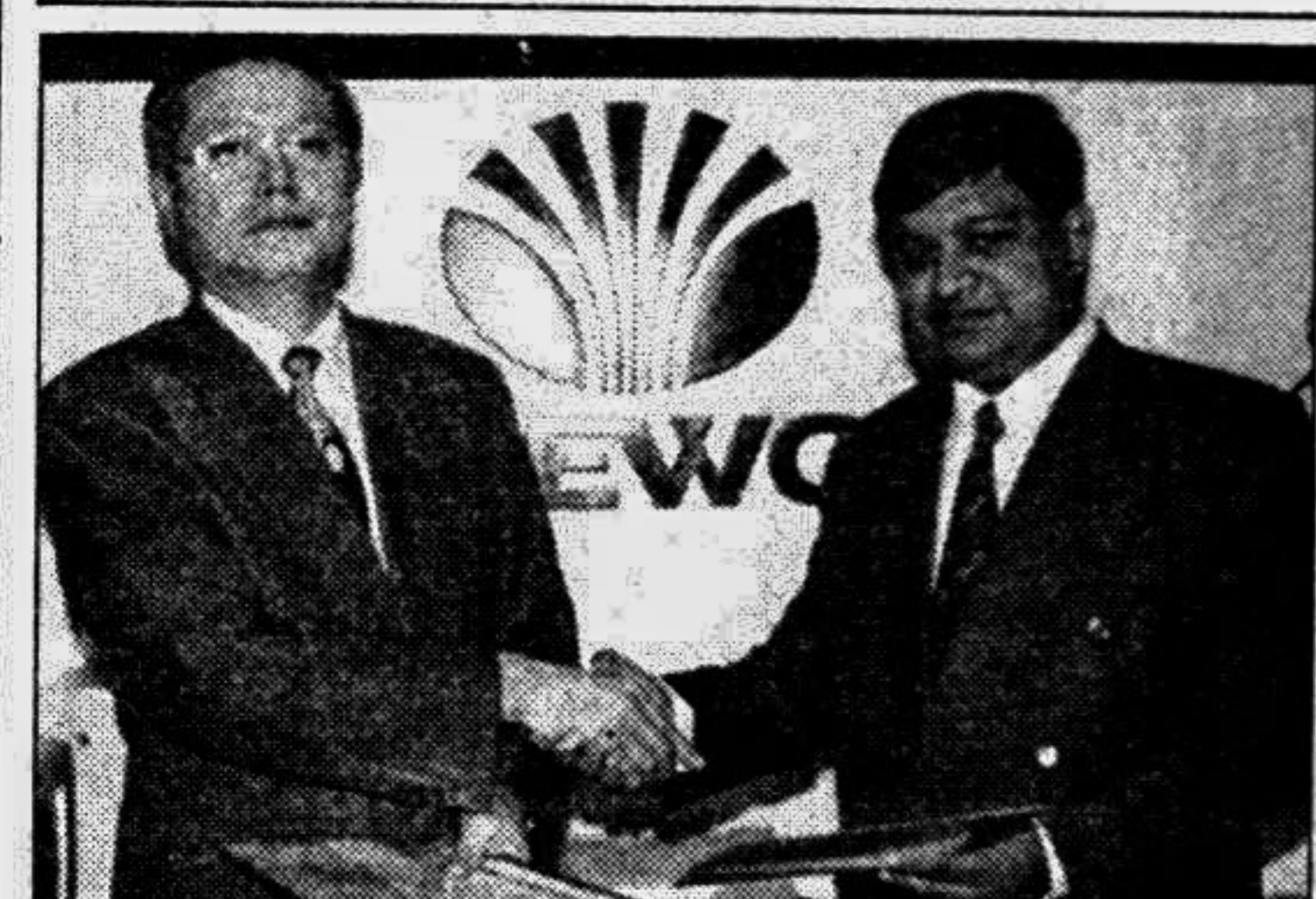
which will discuss the agenda for future global trade talks as an observer.

No EU-China agreement is expected to be announced during the Seattle conference however, an EU source said. The EU has said it and the United States share 80 per cent of the same objectives on China's WTO membership terms.

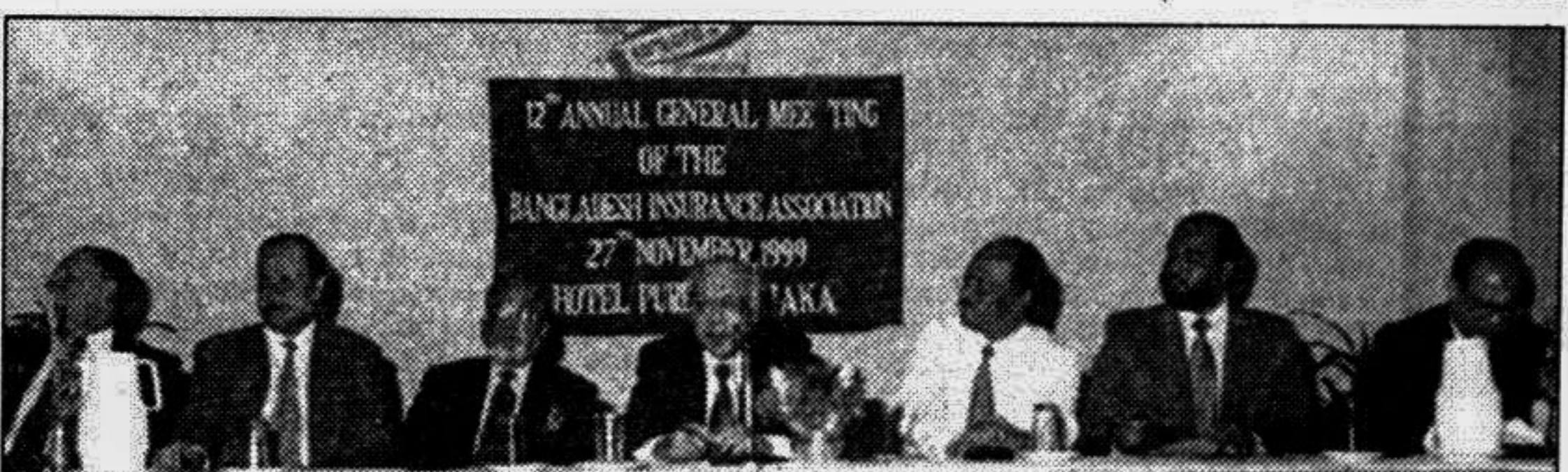
No EU-China talks have been held since late October, when EU trade official Karl Falkenberg said China's offers on opening up key industries such as agriculture, financial services and telecommunications still feel short of what the EU wanted.



Picture shows the BNSDL Board session presided over by A K M Shamsuddin. Other members of the Board seen are (from left) S A Chowdhury, Managing Director of ICB, Samson H Chowdhury, President of the Association of Public-Listed Companies, AGM Shamsul Kamal, Managing Director and CEO of BNSDL, M A Samad, President of Bangladesh Insurance Association, A K M Shamsuddin, President of FICCI, Mohammed Hossain, Managing Director of Sonali Bank, Rakibur Rahman, Chairman of DSE, Dr Md Musa, Convenor of Bangladesh Merchant Bankers' Association, and Amir Khasru Mahmud Chowdhury MP, President of CSE.



Daewoo Motor India Ltd appointed FA International the sole distributor of Daewoo mini bus and light truck in Bangladesh. To this effect, Chan Kun Han, Managing Director of Daewoo Bangladesh Co Ltd, and Ferdous Ahmed of FA International signed an agreement recently.



M A Samad, Chairman of Bangladesh Insurance Association, speaks at its 12th Annual General Meeting held at a local hotel Saturday. — RIA photo