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BUSINESS

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Harvard Int'l Instt of Development Director says at CPD dialogue

Bangladesh needs to alter reliance on agriculture for development

Star Business Report

Renowned economist and Director of Harvard International Institution of Development, Professor Jeffrey Sachs yesterday observed that Bangladesh needs to change its dependence on agriculture for economic development and should rather develop a viable export-oriented non-agriculture sector.

A deep structural change focused on the manufacturing sector needs to be carried out in the economy. I do not believe this country can make a breakthrough by remaining absorbed in agricultural activities," Prof Sachs said at an interactive policy dialogue organised by the Centre for Policy Dialogue (CPD) at a local hotel.

Prof Rehman Sobhan chaired the dialogue.

Sachs also said that Bangladesh should develop new competitive export sectors, significantly improve its infrastructure and offer good tax incentives to attract foreign investment.

"It is striking to see the meagre amount of FDI this country wins," exclaimed the

economist, adding that the government must go for reforms to lure FDI. "Bangladesh is missing thousands of jobs because of FDI dearth," he said.

The Harvard economist also spoke against giving agricultural subsidies, which was later criticised by different participants in the dialogue.

"While there is tremendously low investments in the education and health sectors, is the government's money best used in agri subsidy?"

But the other participants in the discourse pointed out that the country manages to achieve a good growth rate because of agriculture and that the subsidy reaches down to the farmers.

Speaking in favour of the open market economy, he said that in opening up markets, if a country is already broke, it takes a lot of time to stabilise.

"At the same time, extreme caution should be taken to open up financial markets. Markets for commodities are different from financial markets since caution and prudence are involved here."

He said some reforms are not realistically business-friendly. For example, different types of tax breaks like tax holiday are required to win foreign investment, which contradict IMF reforms policies.

Sachs said the countries which liberalised their economies have seen striking progresses. Citing an example, he said that Mexico, the central American countries and some Caribbean states had tremendously integrated their economies with that of the US.

"The garments sector is an example of what liberalisation can do for Bangladesh. But I also see failures for one reason or another. The sub-Saharan region is one such area where failures are prominent because of no changes in the structure of their export items. Reforms failed in Russia because of corruption."

On the question of privatisation, he said that state monopoly in some sectors was resulting in very high costs for the users. Port and the telecommunications are the two sectors where privatisation

is mostly needed. Prof. Sachs observed.

He felt that Bangladesh should oppose the US move to impose non-tariff barriers like labour and environmental standards.

He said politicians may often resist privatisation and reform programmes to safeguard their own interests, but this should be tackled through the market forces.

"The politicians will resist any kind of job cuts, but it must be understood that job shedding leads to new employment generation as was evident in the United States in the 1990s."

Later, former finance minister M Safur Rahman said many of the IMF-prescribed reforms had a boomerang effect. "I was pressurised to allow capital account convertibility, which I resisted. Otherwise, Bangladesh would have met the same fate of the Southeast Asian nations."

He said redressing of the political and government institutions are vital to make reforms successful.

Prof Sachs earlier mentioned four reasons for failure of reforms.

When countries went for reforms, they were already bankrupt... and once a government is broke, it is very hard to come out of the situation. Countries in this category had mixed results.

On the other hand, there are countries which are situated at geographically disadvantaged positions, or are facing intense demographic stresses, conflicts and diseases. According to him, these factors render reforms in such countries unsuccessful. "They need scientific breakthroughs rather than economic way-outs."

He said lack of domestic consensus also frustrates reforms as has happened in Russia.

At the same time, there are countries which face failures of success like the Southeast Asian nations. When countries start witnessing successes, international bankers get so excited that they over-borrow and the boom goes bust. Market does not work in such cases.



Agreement Signing Ceremony Between Member Banks: HSBC, National Credit and Commerce Bank Ltd., Islami Bank Bangladesh Ltd., Southeast Bank Ltd., Al Baraka Bank Bangladesh Ltd., National Bank Ltd. And Electronic Transactions Network Ltd. At The Pan Pacific Sonargaon Hotel, Dhaka. Anwar Ahmed (4th-L), Executive President of Al Baraka Bank Bangladesh Limited, is seen at the signing ceremony of an electronic fund transfer agreement with Electronic Transactions Network Ltd (ETN) at Sonargaon Hotel recently. The representatives of ETN and other participating banks are also seen in the picture. — Al Baraka Bank photo

Pakistan expects 2m tons more wheat in 2000

ISLAMABAD, Jan 15: Pakistan is expecting to harvest 2 million tons more wheat which will help lowering the import bill by 300 million US dollars during the year 2000, reports Xinhua.

This is forecast by senior officials in the Ministry of Food and Agriculture after light to moderate rains in the country in the last few days.

In 1998-99 Pakistan harvested 18 million tons of wheat and in 1999-2000 the size of this crop appears to be 20 million tons following a 15 per cent overall increase after support price rose to 300 rupees per 40 kilograms, the local press Saturday quoted the officials as saying.

JICA president in city

Kimio Fujita, President of Japan International Cooperation Agency (JICA) and Special Assistant to the minister for foreign affairs of Japan, arrived in Bangladesh yesterday, says a press release.

Fujita will call on the prime minister and finance minister today.

During his stay in Bangladesh, he will also visit the Official Development Assistance projects like Human Resources Development in Reproductive Health, Poultry Management Techniques Improvement Project, Japanese Overseas Cooperation Volunteers Project at Shishu Hospital and OISCA Agriculture Training Centre for Women.

After Bangladesh, Fujita will visit Bhutan, Nepal and Sri Lanka.

Mutual Trust Bank earns Tk 1.45 lakh in two months

Mutual Trust Bank (MTB) Ltd has earned a profit of Tk 1,45,148 within two months of its operation in the year 1999. As part of its strategy to provide service with integrity, the bank has also made satisfactory and commendable progress in terms of deposits and advances within its short tenure of operation, says a press release.

The bank also exposed commendable international trade finance with significant L/C operations.

In order to cater to the needs of the clients' selective and wider options, the bank has already launched two deposit products, namely "Brick by Brick" and "Save Everyday" and one consumer credit scheme besides offering a conglomerate of banking services.

Turkey, Georgia open pipeline talks

TBILISI, Jan 15: Turkey made fresh moves Friday to show that it can be a counterweight to Moscow, with President Suleyman Demirel meeting his Georgian counterpart to push forward an oil deal that would bypass Russia, says AP.

Demirel arrived in Tbilisi on Friday with more than 100 officials and businessmen for two days of talks that will also focus on Russia's war in nearby Chechnya. That issue is highly emotional for Georgia — the only foreign nation to border the breakaway republic — and for Turkey, where some 10 per cent of the population traces its heritage to Caucasus areas like Chechnya.

US firm comes up with quality power supply promise

Star Business Report

It's a good news for industries and big commercial enterprises which are affected by power loadshedding or poor quality power supply. A private company has come up with a solution to build, own and operate small-scale power plants, especially tailor-made to suit their needs.

Bangladesh Energy Systems Technology (BEST), a California-based firm with offices in Dhaka, designs and engineers Distributed Generation (DG) plants and provides financing for their installation at the customers' sites.

At a seminar held in the city yesterday, BEST executives said that power from these plants, capable of generating around 10 MW power, would cost not more than the average commercial power tariff of around Tk 3.5 per unit of the Power Development Board (PDB) or the Rural

Electrification Board (REB). "We guarantee quality of power supply and an annual 90 per cent availability of power," Dale E Fredericks, Financial Specialist of BEST told the seminar.

The seminar was addressed by BEST's Sales and Marketing Executive Philip Simon, Engineering and Marketing Executive Ishtiaq Chisti and Bangladesh Resident Director Faisal Siddiqui. Some industrialists and journalists participated in the seminar.

They said thanks to technological breakthrough, small-scale power plants which used to be costlier in comparison with the larger power plants, have become cost effective for the commercial consumers.

BEST offers to build plants at industry sites from its own finance. These plants can provide full power for a consumer or act as stand-by plants.

Consumers interested in BEST's offer may sign a 10-year contract which would state the electricity price and thermal load and provide BEST's guarantee of reliability. The consumers would also guarantee the purchase of BEST's power in the deal.

However, BEST would seek security from the consumers. The security includes consumer's credit history, cash deposit equivalent to the consumers' three to six months' electricity bills, issuance of Letter of Credit, etc.

"All the payments would be made in taka. Our investors take the currency risk," said Philip Simon.

Interested consumers may sign Memorandum of Understanding (MOU) with BEST and submit industry site data in order to begin negotiations.

Six banks sign electronic fund transfer deal with ETN

Star Business Report

Al Baraka Bank Bangladesh Ltd, Hongkong & Shanghai Banking Corporation Ltd, Islami Bank Bangladesh Limited, Southeast Bank Limited, National Credit & Commerce Bank Limited and National Bank Limited signed an electronic fund transfer (EFT) agreement with Electronic Transactions Network Limited (ETN) recently, says a press release.

As per the agreement, ETN will develop and operate an EFT and communication network including ATN and other terminal devices. It will allow the participating member banks including Al Baraka Bank Bangladesh Limited to route, process and settle transactions originated at terminals.

Anwar Ahmed, Executive President of Al Baraka Bank Bangladesh Limited, and the chief executives of the other participating banks attended the agreement signing ceremony held at Pan Pacific Sonargaon Hotel.



Picture shows A Rahim Chowdhury, President and Managing Director of AB Bank Ltd, C M Koyes Sami, Deputy Managing Director, and Abu Haniff Khan, Deputy Managing Director, Ashrafullah, Executive Secretary of BAFEDA and M A Awal, Chairman of SWIFT in Bangladesh at the concluding session of the training programme. — AB Bank photo

Training for first batch of SWIFT users' group concludes

Star Business Report

The four-day training programme of the first batch of the Society for Worldwide Inter-Bank Financial Tele-communication (SWIFT) Users' Group ended at the training academy of Arab Bangladesh Bank Limited recently.

A total of 24 participants from 7 commercial and member banks of SWIFT family attended the training.

Elizabeth Kusuma and Debbie Y S Lee, two senior education specialists of the office of the Society for Worldwide Inter-Bank Financial Tele-communication of Singapore and Hong Kong offices, respectively were present as instructors.

This is the first time in the country that all sorts of fund transfers, information communication, business proposals etc. will be communicated through SWIFT mechanism all over the world where Bangladesh enters into a new era of global internet communication.



A S M Quasem, President of Bangladesh Employers' Federation (BEF), delivers his inaugural speech at the two-day workshop on "Corporate Planning and Measuring Affordable Personnel Expenditure" organised jointly by Bangladesh Employers' Federation (BEF) and Nikkeiren International Cooperation Centre (NICC), Japan, at the BEF conference hall yesterday. C K Hyder, Secretary General of BEF, Tohsio A. Suzuki, NICC Managing Director, M A Hassanain, Director of ILO Area Office, Dhaka, and Dr Rajen Mehrotra, Resource Person, are also seen in the picture. — BEF photo

Microsoft, America Online on collision course

WASHINGTON, Jan 15: Did Bill Gates underestimate Steve Case?

Weeks after the last time America Online Inc, surprised the technology industry by purchasing internet pioneer Netscape. Gates confided he wasn't worried the \$10 billion deal among his biggest rivals might pose serious risks for Microsoft's future, says AP.

"AOL," Gates said, according to handwritten notes from Microsoft's own files, "doesn't have it in their genes to attack us."

Now, a year later, America Online's appetite has grown, fueled by the market's unfathomable surges in technology stocks, toward its \$145 billion merger with Time Warner Inc. Case, one of the world's few executives to already beat Gates head-to-head, will become the new billionaire chairman of the combined company.

The stunning deal gives Case's AOL Time Warner Inc, the ideal weapon to challenge Microsoft where it considers itself most vulnerable: a vast network of high-speed internet lines that can deliver to consumers a promising new generation of software and information that don't require Windows. Microsoft's lucrative flagship operating system that runs most of the world's computers.

This fledgling category of software — which already includes word processors, games and digital calendars — isn't installed on a PC using Windows like today's programmes.

Instead, these programmes are delivered and run across high-speed internet connections, "appropriate for almost any device that can connect to the Web. The ultimate promise for many is to remove the industry's intense reliance on Windows, which has earned billions for Gates and Co.

Until his recent shopping spree, Case struggled with no "fat pipes" to deliver to his 20 million AOL subscribers this new generation of bandwidth-hungry software. By comparison, Microsoft's own online service, MSN, has about 2.5 million subscribers. Case, who once wrote e-mail comparing Microsoft to Hitler, is increasingly ready to attack.

Microsoft last year invested \$5 billion in AT-and-T, which

alone has more than 1 million high-speed internet customers.

The really important thing about the Time Warner-AOL deal, it gives AOL the cable outlet," said David Smith, an internet analyst at the Gartner Group. "It means you have both sides that are armed."

The breadth of the AOL Time Warner combination "will be forcing Microsoft out as they grow," said Rob Enderle, a technology analyst for the Giga Information Group. "Tomorrow, they could do a fairly good job of removing Microsoft as a vendor in the space."

Microsoft, under close scrutiny in Washington as part of the government's ongoing antitrust lawsuit, can't react as aggressively or swiftly as it might prefer, but it isn't sitting still.

In a shot across the bow, Gates announced Thursday that Microsoft will refocus its efforts on what he said were the "next generation of internet services" being developed during the next two or three years.

He compared the revelation to Microsoft's dramatic shift in strategy in 1995, when the company suddenly embraced the internet.

Southtech Limited, an IBM business partner and Microsoft-certified solution provider in Bangladesh, signed an agreement with BRAC to automate 446 branches of BRAC by the end of 2000, says a press release.

Under the agreement signed in October 1999, Southtech's software is to incorporate twelve different types of credit programmes, four types of savings programmes, and accounting for over 45 different projects having different reporting periods.

Southtech is to supply all the necessary hardware and provide comprehensive training to BRAC personnel to successfully implement this project, which is one of the largest automation undertakings in the region.

As per schedule, the first 26 branches were automated by the end of December 1999. All branches are reported to be functioning smoothly. A variety of Southtech-developed programmes have been used in the project including multimedia programmes to train branch accountants and support staff.

India asks Japan to withdraw sanctions

NEW DELHI, Jan 15: India has asked Japan to drop sanctions imposed by Tokyo after New Delhi conducted nuclear tests in May 1998, Defence Minister George Fernandes said today, reports Reuters.

"I suggested that the sanctions that Japan had imposed on us should be withdrawn. Sanctions act as a irritant in bilateral relations and withdrawal would be the best way to deal with it," he told reporters in a briefing about his recent trip to Japan.

Fernandes made a four-day visit to Japan earlier in the week at the invitation of his Japanese counterpart, Director General Tsutomu Kawara of the Japan Defence Agency.

The United States said last month it would scale back its own sanctions slapped on India over the shock nuclear tests.

New Delhi welcomed the move but said any further sanctions were unjustified and called for the entire lot to be dismantled.

Fernandes described his Japan trip as "historic" and said it would pave the way for establishing bilateral defence relations.

He said the two countries had decided to start regular se-

curity and defence-related dialogue to tackle the challenges of the post-Cold War security environment.

"My purpose in visiting Japan at this juncture was to add a new security dimension to our relationship which would give it a more complete character," Fernandes said.

He said that in the post-Cold War scenario, particularly in the Asia-Pacific region, both Indian and Japan as members of the ASEAN regional forum would inevitably assume greater responsibilities for peace and security.

The minister said cooperation between the two navies and safety of the sea route to Japan would be high on the agenda of the security dialogue.

Fernandes said he told Japanese officials about the efforts of India's coalition government led by Atal Behari Vajpayee to reach a domestic consensus as soon as possible on the issue of signing the Comprehensive Test Ban Treaty.

US President Bill Clinton plans a goodwill visit to India this year aimed at, in part, encouraging New Delhi to sign the global treaty.

Emirates daily Dubai-Bangkok flight starts

Emirates has started a non-stop daily flight between Dubai and Bangkok, says a press release.

All flights, which are operated with the airline's brand-new Boeing 777 aircraft, began on January 3.

The daily flights to Bangkok are the result of three additional flights a week, granted by Thailand's Department of Civil Aviation for Emirates to increase frequency to the Thai capital.

These flights will operate every Monday, Wednesday and Friday.

Keith Longstaff, Emirates' Senior General Manager of Commercial Operations (West Asia & Pacific Rim), said: "Emirates is very grateful to the Thai government and the aviation authorities for granting us the right to launch daily operations to Bangkok. This will certainly support the growing air traffic generated to and from Thailand, which is earmarked for a 30 per cent growth rate in 2000. This is due in part, to the increased inbound traffic from the Gulf and Middle East. Emirates expects that the growth will continue and we have pegged demand to rise between 15 and 20 per cent annually."