

# Internet boom threatens to widen rich-poor gap

DAVOS, Feb 2: Internet industry leaders trumpeted yesterday the wonders of megamergers like the recent AOL-Time Warner tie-up — but admitted the world's poor will not benefit if they don't even have a phone, says AFP.

The warning was backed up by South African President Thabo Mbeki, who called for an international initiative to prevent the continent from being left behind.

"You will not have... participation by African countries in the involvement in this technological revolution (when) we don't even have the electricity infrastructure which make possible the access to this technology," he said.

America Online (AOL) chief Steve Case and Microsoft boss Bill Gates agreed that the Internet revolution has only just begun — but said coming years will determine if the "digital divide" between rich and poor will

narrow or widen. "We recognize that there are many countries where the kind of discussions we're having are almost irrelevant, because they have much more basic needs, and in many cases there's so few telephones," Case told a press conference.

Gates also admitted that, while in the wealthy West cable companies are frantically digging up roads to provide high-speed Internet access, that is just a dream in poorer continents.

"If you're going to reach out to Africa, you can't dig ditches," he said on a panel discussion on "Winning strategies for the Internet race."

The Internet and its role in shaping the developing global economy is a central theme of the World Economic Forum (WEF) annual meeting in Davos, Switzerland.

The merged AOL-Time Warner giant, bringing together

the world's largest online service and a huge media content producer, is set to become the world's dominant media group once its deal is finalized later this year, Case said.

But its potential for growth was also inextricably linked to the development of other technologies, including television and mobile telephony, which could help poor countries leapfrog into the wired world.

"It's not only your PC that will be revolutionized; your TV will be revolutionized; your phone will be revolutionized," said Gates, who recently gave up the Microsoft helm to return to his software developing roots.

But Case warned that such development needed positive decisions by both business and government, if the gap between rich and poor was not going to widen as the US and Western nations pulled ahead.

"If people don't pro-actively address this there is a risk that

the digital divide will grow."

"I think there's an opportunity for it to shrink, but that's going to require a concerted effort, not just from companies but also from countries and more of a spirit of public-private partnership," he added.

The risk of the Internet widening the gap between rich and poor was underlined in a survey of corporate bosses' views unveiled at the Davos meeting, which gathers more than 1,500 business and political leaders.

The survey by consultants Pricewaterhouse Coopers indicated that 50 per cent of business bosses say the Internet risks widening the gap, while only 38 per cent see it narrowing the divide.

South Africa's president meanwhile said there was a real risk that the continent's poverty could be compounded by lack of access to the online revolution.

## Iron signs for GP mobiles

GrameenPhone Limited has signed an agreement with Iron International Limited, an Indian public sector company, for providing mobile telephone services, says a press release.

Under the corporate sales agreement, Iron will be provided with the GP-GP mobile telephone service for its project in Bangladesh.

Masud A Mallick, Deputy Manager of Corporate Sales Department of GrameenPhone, and RS Khurana, Chief Project Manager of Iron International, signed the agreement recently on behalf of their respective organisations.

Mahboob Hossain, DGM (Sales) of GrameenPhone, and Harjinder Singh, General Manager of Iron, were also present on the occasion.

Iron International Limited is implementing an ADB-funded railway project for rehabilitation and dual-gauging of the 245-kilometre railway track from Sirajganj to Parbatipur via Ishwardi.

## 2000 Indonesians protest new foreign loans

JAKARTA, Feb 1: At least 2,000 demonstrators demanded Tuesday that Indonesia's massive national debt be canceled as international donors hammered out the details of \$4.5 billion in new foreign loans, says AP.

The market is still not sure about the size of the rate rise so the RBA's move will clear the air," said Burrell & Co broker Richard Herring.

Any rise in Australia's official cash rate will come on Wednesday morning at the earliest. The outcome of the US Fed meeting will be announced early on Thursday Australian time.

Taiwan shares bucked the trend of losses, taking heart from bullish retail sentiment and gains in the US markets.

The benchmark TAIEX index closed up 1.14 per cent at 9,856.39 points, its highest since August 1997.

"Investors are getting more and more bullish," said George Hou, vice president of Jardine Fleming in Taiwan. "We have not launched any new funds this year but the amount of cash we feel coming in is as if we were raising money for a fund."

South Korea's benchmark index fell as institutional investors sold core blue chips. The Korea Composite Stock Price index ended down 1.60 per cent at 928.75 points. Singapore's Straits Times Index had edged 3.6 points higher to 2,233.88 in late trade.



Mario Filippo Pini, Ambassador of Italy in Bangladesh, called on the President of the Foreign Investors' Chamber of Commerce and Industry (FICCI) Waliur Rahman Bhuiyan at the Chamber office yesterday and exchanged views on matters relating to the prevailing investment climate in Bangladesh vis-a-vis Italian investment prospects in the country. Commercial Counsellor of the Italian Embassy Giovanni Colella and the FICCI Secretary Jahangir Bin Alam were present on the occasion.

## Asian stock markets fall

SINGAPORE, Feb 1: Most Asian stock markets fell today as investors grew cautious ahead of a US Federal Reserve meeting which is widely expected to raise interest rates, says Reuter.

Ignoring gains on Wall Street, Tokyo's benchmark Nikkei average of 225 leading shares closed down 116.32 points or 0.60 per cent at 19,423.38.

Hong Kong's Hang Seng Index closed 0.78 per cent higher at 15,653.86 but it was unable to recoup Monday's steep fall.

There is concern about the course of US interest rates. But domestic factors... are becoming a pretty powerful factor these days from Tokyo," said Hiroichi Nishi, deputy general manager at Nikko Securities.

Japan's key market gauge fell by as much as 1.4 per cent at one point due to concern that the Fed might opt for a steep rate hike at its key policy meeting beginning later on Tuesday.

But traders said hopes of increased buying by new investment trusts had helped the market pare some losses.

The US central bank is widely expected to raise rates by 25 basis points at the conclusion of its two-day meeting, with an outside chance of a more aggressive 50-basis-point

hike. Hong Kong stocks surged in early trade after the Dow Jones industrial average rose 1.88 per cent overnight. But traders said caution over the Fed's move and ahead of the weekend Chinese New Year holidays soon brought the market down.

"On the eve of the US interest rate announcement, the market is only up 80 odd points as traders position themselves for tomorrow," said David Williamson, sales director at China Everbright Securities.

The dollar slipped against the euro and the Japanese yen in Tokyo in quiet trade as interest rate nervousness also drove investors and traders to the sidelines in the money markets.

But these concerns failed to alter the recent pattern of broad-based dollar strength and euro weakness. By 0850 GMT, the dollar was at 107.28/38 versus 107.36 yen in late New York.

In the Australian market, Wall Street's rally failed to boost stocks. The benchmark All Ordinaries Index fell 11.5 points to 3,084.5 on domestic interest rate concerns.

Investors fear monetary policy could be tightened more than expected when the Reserve Bank of Australia (RBA) meets

on Tuesday. The bank is due to make an announcement at 2230 GMT.

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# US economy starts 9th growth year

Record-setting performance shows no sign of ending soon

WASHINGTON, Feb 1: The US economic expansion enters its ninth year today, a record-setting performance that shows no sign of ending soon, says AFP.

Analysts say the unprecedented boom is the result of productivity gains from information technology, vigilance on inflation by the Federal Reserve and a key decision by the Clinton administration to focus on reducing the federal budget deficit.

Powered by robust consumer spending, US gross domestic product in the final three months of 1999 surged ahead at a 5.8 per cent clip, the fastest growing quarter since the same period of 1998.

For the year, the economy expanded four per cent, just shy of the 4.3 per cent recorded in 1998.

Unemployment is at a 30-year low of 4.1 per cent and, according to Wall Street analysts, could fall further to four per cent when new job creation figures are released Friday.

But what has confounded the experts and challenged traditional analysis is the persistent absence of serious upward pressure on prices. Despite the torrid pace of growth, inflation is currently under three per cent.

On Wall Street, the Dow Jones Industrial Average of blue-chip stocks has more than quadrupled since 1990.

Attempting to explain the durability of the expansion, economists tend to point first of all to a decision made by President Bill Clinton in 1993, his first year in office, to make deficit reduction the centerpiece of his economic programme.

The federal deficit in 1992

## S'pore, Malaysia closer to ending stock dispute

KUALA LUMPUR, Feb 1: Singapore and Malaysia have moved closer to resolving a dispute over frozen Malaysian shares worth about \$4 billion, reports AP.

The Kuala Lumpur Stock Exchange and the Singapore Exchange Ltd have accepted a proposal from a private company, Effective Capital, to end the impasse over Malaysian shares formerly traded in Singapore, the Malaysian bourse said in a statement late Monday.

The statement was made after officials from the two stock exchanges met in Kuala Lumpur.

came to 290 billion dollars and was projected to swell to more than 400 billion dollars in 2000, a trend that threatened to absorb huge amounts of the national savings and thereby deprive the private sector of capital.

Big deficits would also drive up interest rates, making homes, cars and college education more expensive as the government entered capital markets to borrow money.

Clinton came to power as an activist Democrat, determined to engage the federal government in the national economy after years of Republican reluctance on market forces.

But while Clinton may have been more comfortable with government-backed growth policies, he heeded the counsel of fed chairman Alan Greenspan and his economic advisers that reducing — and perhaps eliminating — the budget deficit was critical.

"Clinton bought the story," said David Orr, first Union chief economist and a 35-year observer of national economic trends.

"I would give him very high marks if not for setting the right course than at least for being persuaded to follow the right course."

# Law change may spark job cuts in Japan, warn experts

TOKYO, Feb 1: Japan's politically sensitive jobless rate could rise sharply under planned legal revisions that would give companies far greater freedom to fire or transfer employees, labour lawyers say, reports Reuters.

Draft revisions to the Commercial Code, approved by a Justice Ministry advisory panel last month, would make it easier for companies to split themselves into several spin-off firms and cut off badly performing divisions.

"Under the new law, many companies are expected to apply for split-ups as a means of restructuring," said Ichiro Natsume, spokesman for the Labour Lawyers' Association of Japan. "The new spin-off system would be a loophole for companies, and it is highly likely that Japan's unemployment rate would shoot up."

The changes are being debated as Japanese firms — under huge pressure to restructure and aim down their operations after a decade of economic malaise — move away from traditional employment practices which put stability and loyalty first.

The government said on Tuesday that unemployment rose for the first time in six months in December, edging up 0.1 percentage point to 4.6 per cent. Economists expect the rate to head higher in the coming months, towards the record high of 4.9 per cent hit last summer.



Officials of GrameenPhone and Iron International sign an agreement on mobile phone services recently. — GP photo

## Sony to sell consumer electronics online

Move shocks dealer networks

TOKYO, Feb 1: Japanese electronics giant Sony Corp said today it will start selling its consumer electronics products online, sending shock waves through the country's closely-knit dealer networks, says Reuters.

Sony said it had formed a new company, Sony Style.com, jointly with its domestic sales unit to sell customised electronics appliances through its Web site, beginning on Tuesday with its VAIO personal computers.

It aims for annual sales of 10 billion yen (\$93.25 million) in the initial year, a Sony spokesman said.

The move will make Sony the country's first manufacturer to sell a range of consumer electronics products directly online.

"The point is that customers can buy tailor-made products," the spokesman said. "They can buy VAIO computers with memory chips smaller or larger than the existing lineup. They may prefer certain software contents or net services pre-installed and vice-versa."

The site will expand beyond VAIO computers and its peripheral products to include digital cameras, portable music players and other types of audio-visual equipment later this year.

Frequent customers will receive free Internet access through Sony's Internet provider So-net, based on a point system derived from the amount of goods purchased from the site at <http://www.jp.sonystyle.com>.

The goods, paid by credit card, will be delivered directly to a customer's home. Sony will also consider eventual sales of music content to be downloaded from the new Web site, the spokesman added.

While electronics and auto industries are seeking ways to sell products online as a way to cut distribution and inventory costs, they have been trading carefully for fear of upsetting dealer networks.

Companies that boast strong retail networks like Matsushita Electric Industrial Co and Toyota Motor Corp, are particularly cautious to protect their family-like ties with dealers, a reason often cited as a slow start for Japan's e-commerce.

Sony currently owns some 2,000 "Sony Shops" throughout Japan that sell mainly Sony products. According to the Nihon Keizai Shimbun newspaper, Sony's products to be sold on the Web will have the same price tags as those sold at retailers to avoid possible friction with dealers.

But the move has already threatened mass merchandisers. A big retail chain official, who asked not to be identified, said that his company would consider not stocking Sony products if Sony does not listen to the concerns of the retailers.

Sony's announcement comes only a day after a group of thousands of record stores in the United States said they would sue Sony Music Entertainment for allegedly forcing retailers to sell CDs that drive consumers to Sony's online stores.

The group said the suit charges that Sony is illegally forcing retailers to carry compact discs with software and promotional inserts directing consumers to competing retail locations owned or operated by Sony.



Picture shows the participants of a 2-day training course on lease finance organised by GSP Finance Co (Bangladesh) Ltd in the city recently. — GSP Finance photo

# China discovers its largest offshore oil field

BEIJING, Feb 1: China has discovered its largest offshore oilfield with reserves of 600 million tons in the northeast of the country, state media reported today, says AFP.

The find came as the country's land oil reserves are diminishing, with Chinese scientists predicting an oil shortage in 50 years, Xinhua news agency said.

The new field was expected to boost the yearly oil output from the Bohai Sea area to more than 10 million tons in the next few years, Deng Yunhua, the geologist heading oil development in the region was quoted as saying.

The discovery marks a turnaround from initially disappointing results after part of the Bohai was opened to overseas prospectors in 1980.

The find came after Chinese geologists changed tack and started looking for oilfields at a depth of around 1,000 metres (3,000 feet), following unsuccessful 3,000-metre deep searches, the report said.

The field represents the biggest find in 30 years for US-based Phillips Oil Corporation, jointly exploring the area with the China National Offshore Oil Corporation.

# Filipino exports up 19 per cent

MANILA, Feb 1: The Philippines, a low-cost producer of electronics, said today exports in 1999 reached a record \$35.03 billion, up 18.8 per cent in 1998, but economists said a government target of 20 per cent growth this year may be ambitious, says Reuters.

The government's National Statistics Office (NSO) said exports in December reached \$2.94 billion, up 16.7 per cent year-on-year, although the growth declined from an annual 18.8 per cent in November and 36 per cent in October.

Backed by strong growth in the production of electronics goods and components, the country's merchandise exports grew 18.8 per cent year-on-year in 1999 following 16.9 per cent growth in 1998 and 23 per cent in 1997, the NSO said.

"In December, we saw further retreating of that surge during September/October, when exports were up over 30 per cent year-on-year," said David Cohen, chief macroeconomic forecaster for MMS/Standard & Poor's.

Going forward, economists said they expect the growth tra-

jectory to be maintained although a government target of \$42 billion in exports in 2000, or a 20 per cent increase from 1999, may be difficult to achieve.



## New MD of Janata Ins

Md Jainul Abedin has been appointed Managing Director of Janata Insurance Co Ltd.

He was appointed MD as per decision of the Board of Directors on Monday, says a press release.

Prior to taking over the assignment, he was holding the current-post of the office of the post.

After post-graduation, Md Jainul Abedin joined Pakistan Insurance Corporation in 1969 and started his career in the insurance industry and served in various capacities in Sadharan Bima Corporation from 1972 to 1986.

He joined the company as Asstt. Vice-President in 1987 and held the charge of Chittagong Zonal office as Deputy Managing Director up to May 1999.

Md Jainul Abedin contributed significantly to the growth and development of the company. His outstanding professional career, expertise knowledge and long time experience will help flourish the company.

## Exchange Rates

American Express Bank Ltd foreign exchange rates (indicative) against the Taka to major currencies					
Currency	Selling TT & OD	Selling BC	Buying T. T. Clean	Buying OD Sight Export Bill	Buying OD Transfer
US Dollar	51.2300	51.2700	50.8100	50.6670	50.5950
Pound Stg	82.9414	83.0061	81.7126	81.4666	81.3508
Deutsche Mark	25.8451	25.8633	24.8279	24.7531	24.7173
Swiss Franc	31.1334	31.1577	30.4890	30.3972	30.3540
Japanese Yen	0.4791	0.4795	0.4703	0.4689	0.4682
Dutch Guilder	22.9380	22.9559	22.0352	21.9688	21.9376
Danish Krona	6.7292	6.7344	6.5849	6.5651	6.5558
Australian \$	33.1970	33.2230	31.8579	31.7619	31.7168
Belgian Franc	1.2631	1.2640	1.2037	1.2001	1.1984
Canadian \$	35.8001	35.8281	34.7538	34.6491	34.5999
French Franc	7.7061	7.7121	7.4028	7.3805	7.3700
Hong Kong \$	6.5976	6.6027	6.5174	6.4978	6.4886
Italian Lira	0.0261	0.0261	0.0251	0.0250	0.0250
Norway Kroner	6.1812	6.1860	6.0813	6.0630	6.0544
Singapore \$	30.4325	30.4562	29.4653	29.3766	29.3348
Saudi Rial	13.6971	13.7078	13.5115	13.4708	13.4517
UAE Dirham	13.9866	13.9975	13.7954	13.7539	13.7344
Swedish Krona	5.8025	5.8070	5.7309	5.7136	5.7055
Qatari Riyal	14.1129	14.1240	13.9160	13.8741	13.8543
Kuwaiti dinar	173.3496	173.4849	169.9285	169.4441	169.2160
Thai Bhat	1.3652	1.3663	1.3515	1.3474	1.3455
Euro	50.5486	50.5881	48.5591	48.4129	48.3441

  

Bill buying rates					
TT Doc	30 Days	60 Days	90 Days	120 Days	180 Days
50.7112	50.3866	49.9632	49.5398	49.1163	48.2895

  

US dollar London Interbank Offered Rate (LIBOR)					
Buying	Selling	Currency	1 Month	3 Months	6 Months
50.5950	51.2300	USD	5.8850	6.0770	6.2875
81.3508	82.9414	GBP	6.1009	6.2294	6.4281
Cash/TC	Cash/TC	Euro	3.30750	3.49125	3.68313

  

Exchange rates of some Asian currencies against US dollars					
Indian Rupee	Pak Rupee	Thai Bhat	Malaysian Ringgit	Indonesian Rupiah	Korean Won
43.597/43.805	51.890/51.900	37.48/37.53	3.7999/3.8001	7420/7440	1126/1127

**Amex notes on Tuesday's market**  
The Interbank USD/BDT market active on Tuesday. Demand for US dollar was moderately high in the market with steady supply. The USD/BDT average rate ranged between 51.10-110.0. The call money market was stable at earlier level, average call rates ranged between 5.50 and 6.00 per cent.

The euro was firm against the dollar and yen in the morning trade on Tuesday, but the single currency was unlikely to hold onto its gains for long because underlying economic fundamentals favoured the dollar. Buy backs after the euro hit a new low in New York trading helped the currency to reclaim some ground. The euro, which set its third consecutive low of \$0.9655 overnight, could test new lows when trading picks in Europe amid disappointment that European officials have chosen not to say anything to boost the currency. The dollar held steady against the yen, sandwiched between bids by overseas operators and sporadic selling interest among Japanese exporters. Activity was subdued overall due to a wait-and-see mood that pervaded the market ahead of a two-day US Federal Open Market Committee meeting that starts later on Tuesday. The euro stood at \$0.9797/09 as of 0201 GMT against \$0.9693 in late US trading on Monday. The dollar stood at 107.4043 yen against 107.36 yen in late US trading.

In the European trading, the dollar was firm across the board within striking distance of record highs versus the euro and 3-1/2 month highs versus the yen amid confidence in the US economy ahead of this week's interest rate decision. The dollar was approaching Monday's record peak against the euro around \$0.9665 and was within 1/4 yen of Monday's 107.51 peak versus the yen, its highest since October 15. The market is pricing in a 25 basis point hike by the Federal Open Market Committee in the Fed rate, when concludes its two-day meeting on Wednesday, and the ECB is also expected to raise euro zone interest rate on Thursday.

AT GMT 10.12 the exchange rates of major currencies against US were GBP/USD 1.6133/1.6135, USD/CHF 1.6573/1.6583, USD/JPY 10