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The Daily Star BUSINESS

DHAKA, SATURDAY, FEBRUARY 12, 2000

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US-EU talks on conflicting issues next week

WASHINGTON, Feb 11: Top trade negotiators from the United States and the European Union will try again to find common ground in lingering disputes over trade in bananas and beef at a meeting here next week, US and EU officials said yesterday, reports AFP.

US Trade Representative Charlene Barshefsky and EU Trade Commissioner Pascal Lamy are to meet here February 17 and 18 for what one EU official said would be a "long session."

Asked by reporters here if she and Lamy would discuss the row over bananas, Barshefsky replied: "We'll go through the full range of issues, yes."

But she stressed that no major announcements were likely after the talks.

Barshefsky added that "issues that presented themselves in Seattle" would also be on the table.

A sharp disagreement over agricultural export subsidies — which the EU supports and Washington rejects — contributed to the failure of World Trade Organization ministers meeting in Seattle last December to agree on an agenda for multilateral trade liberalization talks.

Ugandan minister meets Kibria

The visiting Ugandan Economic Monitoring Minister, Kweronda Rumbaba, called on Finance Minister Shah A M S Kibria at his office on Thursday, says UNB.

The ministers discussed matters relating to bilateral interests with special emphasis on economic cooperation between the two countries.

They also discussed irrigation facilities and monitoring strategies and implementation of projects in Bangladesh.

The Ugandan Minister expressed his keen interest in micro-credit schemes in Bangladesh.

The Finance Minister apprised the Ugandan Minister of various steps undertaken for agricultural development, including distribution of agricultural inputs and poverty alleviation.

Bangladesh High Commissioner to Uganda Subir Kumar Bhattacharya and Ugandan Economic Affairs Director N A Bisamaza were present.

UK to champion WTO reform at UNCTAD meet

LONDON, Feb 11: Britain will again call for reform of the World Trade Organisation at a UN summit in Bangkok this weekend, Trade Minister Richard Cohn told Reuters yesterday.

Speedy reform of the WTO and closer cooperation with bodies such as the International Monetary Fund (IMF) and World Bank will head Cohn's agenda during a trip to Asia which starts on Friday, he said in an interview.

He will lead a British delegation to the UN Conference on Trade and Development (UNCTAD) talks in Bangkok, the first top level trade meeting since the WTO talks in Seattle ended in failure last December.

"It takes on a higher significance this time because it is the first international gathering we've had since Seattle. There's clearly going to be a lot of discussion on how we take the policy and process of the WTO forward," he said.

In that area we, the UK, are saying there needs to be a modernisation of the way the WTO operates... We cannot afford another failure for the WTO," he warned.

Cohn blasted the last round of WTO talks for leaving developing countries, many of them in the Commonwealth group of nations, sidelined and unheard.

VOA cuts jobs, services to Europe, Asia

WASHINGTON, Feb 11: Voice of America announced Thursday it was shedding 51 jobs and cutting its services to parts of Europe and Asia, says AFP.

The state-owned US broadcaster said 41 journalists would be dismissed from its European division and the remainder from its news division and its East Asia Pacific division.

Voice of America director Sanford Ungar announced the cuts to headquarters staff here earlier Thursday.

Polish and Hungarian services were hardest hit, losing 16 and 11 journalists respectively. Six jobs in the Czech service will also be cut as well as four in the Lithuanian, three in the Latvian and one in the Slovene services.

Voice of America spokesman Joe O'Connell said the move was prompted by a tight budget and lower audience figures in Europe.

"We are not abandoning Poland, Hungary and the Czech Republic," he said. "But they are free countries now, members of NATO, with a free press and a high degree of democracy, and we are switching our focus to countries that need us more."

Kibria for quality ceramic goods to win int'l market

'NCBs to cooperate, if necessary'

Finance Minister Shah AMS Kibria has advised the entrepreneurs to adopt modern designs for producing high-quality ceramic wares to expand the export item's position in the world market, says UNB.

"If necessary, the nationalised commercial banks will provide all sorts of cooperation in flourishing this industry," he said, while visiting the pavilions of local ceramic wares at the Dhaka International Trade Fair (DITF) yesterday.

While offering financial backing to the well-sprouting homegrown export industry, the finance minister clobbered "loan-default culture."

"The government is pledge-bound to stop loan-default culture but wishes to encourage honest businessmen and boom industries providing all kinds of support," he said.

Kibria expressed his satisfaction seeing quality ceramics at a number of stalls, including

Shinepukur Ceramic, Monnu Ceramic, Bengal Fine Ceramic and People's Ceramic and Standard Ceramic.

Bangladesh Ceramic Association leaders apprised the minister of the quality of their products and demand in local and international markets.

The finance minister told the entrepreneurs that the demand of Bangladeshi ceramic ware was growing in the international market and urged

them to take care about the quality of their products to preserve the favourable position.

Kibria asked them to produce relatively low-priced products for the less-developed countries alongside the high-quality ones for international markets.

Managing Directors of Sonali Bank, Janata Bank, Agrani Bank, Rupali Bank, Shilpa Bank and Shilpa Rin Sangstha were present during the minister's fair visit.

IFC Executive VP visits USPC power plant site

Visiting Executive Vice President of IFC and Managing Director of World Bank Peter L. Woicke yesterday visited the Ashulia site of the 11 MW Savar-1 power plant, United Summit Power Company (USPC) Ltd is setting up the plant under the recently signed PPA, IA, and LLA with Rural Electrification Board (REB) and the Energy Ministry (Power).

Country Director of World Bank Frederick Temple and senior officials of IFC and World Bank accompanied him.

The visiting dignitaries were received by Muhammad Aziz Khan, Chairman of United Summit Power Co. Ltd, and Hassan Mahmood Raja, the Managing Director.

Aziz Khan presented the salient features and important aspects of the three 11 MW power plants USPC is setting up for sale of electricity to REB.

The IFC Executive Vice President appreciated the merits of the plants and hoped that more such plants would be set up. He said: "You should have hundreds of projects like these." He also expressed his satisfaction over IFC's involvement in the projects.

It's time for i-glasses, saying goodbye to silver screen!

By M Shamsur Rahman

If you are tired of watching movies on your small TV screen and looking for a big-screen cinema hall that would be best-suited for relishing a movie? Then here's something you can try with full confidence as a solution to your needs.

The all-digital eye glasses — the ultimate entertainment display system, connecting to a world of entertainment options — is now in Bangladesh. With the i-glasses on, one can get the feeling of watching a movie in a private theatre hall. And the Tk one lakh price offer will, perhaps, add more to your surprise.

The unprecedented piece of hardware may draw an end to the harrowing experience of a person of sensitive nature, as it will enable one to avoid going to the theatre for watching films. The system adds a thrilling new dimension to cinema viewing.

One can get a first-hand knowledge of the "mini-theatre", now being displayed at the Microcel mini pavilion at

Dhaka International Trade Fair.

Simply by plugging the eye glasses into ones portable DVD player, television, laser disc player, VCR, cable or satellite services etc, one can dive into a world of crystal clear, big screen and high-fidelity sights and sounds in his or her private room.

"With this unprecedented piece of hardware, called i-glasses, one gets to watch movies in a fiercely-private form of entertainment," said Microcel Managing Director Mamun Chowdhury.

"It will make you feel like carrying an entire movie house in just the small space of your pockets. The moment you put on the eye glasses, it is exactly in the middle of a movie theatre with a giant silver screen right in front of you is where you discover yourself."

"The headset is a combination of headphones and eye-glasses so that the sights and sounds are exactly those of a

real movie theatre. So, now you have apparently a paradox in your hands, which you will find hard to explain to your friends," said Chowdhury.

He also said the mechanism draws its power from a battery that can be recharged from time to time. "As a result, one does not have to worry about the battery running out of power. In fact, a fully-charged battery is there to keep power in reserve, which renders services for three hours."

The Microcel pavilion also features "mirage-optical illusion generator". One will definitely feel amazed when his hands pass right through the floating object hovering around him above the mirage-optical illusion generator.

The pavilion has also put on show the fastest PC on earth. The Pentium III with an 800-MHz processor, 256 MB RAM and 37 GB hard-disk is considered the fastest PC now available all over the globe.

Seminar on role of banks at BIBM Monday

A national seminar titled 'Role of Commercial Banks in Development Financing in Bangladesh' will be held at BIBM auditorium in the city on Monday, says UNB.

Bangladesh Bank Governor Dr Mohammad Faruquddin will preside over the programme.

Dr Sujit Shah and Prof Saiful Karim Chowdhury of BIBM will present the keynote papers in the seminar.

Former central bank Governor AKN Ahmad, Planning Commission Member Dr Shah M Farid, Finance Secretary Dr Akbar Ali Khan, BIDS DG Abu Abdullah and Janata Bank MD SA Chowdhury will take part in the discussion, said a BIBM press release.

Thailand needs high spending to back recovery: IMF

WASHINGTON, Feb 11: Thailand must keep monetary policy loose and use tax policy to stimulate the economy to cement its recovery from the financial crisis of 1997-99, the International Monetary Fund said yesterday, reports Reuters.

An IMF statement summarising the Fund's Jan 12 review of the Thai economy also urged the government to accelerate structural reforms, speeding up bank and corporate debt restructuring to restore the health of the financial system.

"Directors commended the authorities for Thailand's impressive progress in economic recovery and restoring financial stability," the IMF said. "International reserves have been rebuilt to healthy levels, exchange rate stability has been restored and the recovery has become broad-based."

It added: "Nevertheless directors recognised that economic recovery and restructuring are not yet complete. Sustained recovery will require determined efforts from the authorities in accelerating structural reform... and continued application of supportive economic policies."

Thailand was the first victim of the virulent emerging markets crisis, winning a \$17 billion international rescue package to help it cope with economic upheaval caused by the collapse of its currency, the baht.

Thailand, like other countries in the region, tumbled into deep recession, with gross domestic product down 10.4 per cent in 1998. The IMF said it was expecting 1999 data to show a 4 per cent rise in GDP. It gave no figures for 2000.

The IMF reviews the economies of each of its 182 member states each year and publishes a summary of its board discussions if the member country approves.

US House okays bill to end marriage tax penalty

WASHINGTON, Feb 11: The US House of Representatives yesterday passed a \$182 billion tax cut bill that would end the so-called marriage penalty despite White House complaints that it is too big and benefited the wealthy, says Reuters.

Lawmakers voted 268-158 for the bill that Republicans, who control Congress, rushed to the floor in order to pass it in time for Valentine's day on Monday.

The bill would raise the standard deduction for married couples to \$8,800, double the deduction for single filers, from the current deduction of \$7,350, and gradually raise the income bracket subject to the lowest, 15 per cent, tax rate to \$52,500 from \$43,850.

The bill would also increase the earned income tax credit for low income married couples. "This is real relief from the marriage penalty," said Representative Bill Archer, the Texas Republican who heads the tax-writing House Ways and Means Committee.

Potato flake industry at Munshiganj soon

Star Business Report

A new type of industry to produce potato flakes will be set up at Mukhtarpur, Munshiganj, in collaboration with an Italian company.

Bikampur Potato Flakes Industries Ltd, a 100 per cent export-oriented project for making potato flakes, will be set up with the technical help of Fin Agro.

In this regard, Fin Agro Managing Director Ermanno Traverso signed an agreement with his Bangladesh counterpart Khalil Shikder, Managing Director of Bikampur Potato Flakes Industries Ltd, at Dhaka Sheraton Hotel Thursday.

Among others, Mirza MA Jalil, Chairman, and Shob Ahmed, Managing Director of Bangladesh Krishi Bank (BKB), Giovanna Colella, Commercial Attache, Pietro Paris, Attache,

of the Italian Embassy and Md Wahidul Islam, Chairman of Bikampur potato Flakes Industries, attended the signing.

Speaking at the signing ceremony, BKB chairman MA Jalil termed the project as "something with a difference" and hoped that it would act as an encouraging venture and lure other banks into investing in such new projects.

BKB will extend all support to make the project a success, he said, adding "Bangladesh needs sponsorships from the rich and developed countries for establishing projects of the kind."

Managing Director of BKB Shob Ahmed hoped that the project would also benefit the country by helping it earn foreign currency.

Shrunken stocks push oil prices up

LONDON, Feb 11: World oil prices powered to a new nine-year high yesterday as dealers worried that oil producers would not act to restore shrunken inventories, says Reuters.

Brent crude futures by mid-afternoon in London rose 45 cents to \$27.37 a barrel — the highest oil price since the 1990-1991 Gulf crisis. US crude surged to \$29.28 a barrel.

Dealers said low inventories had exerted sustained upward pressure on the market after latest weekly US data showed crude stockpiles staying at the lowest in a generation.

"This market is crying out for more oil, and there's no guarantee yet that OPEC will relent and supply it," said a London dealer.

US Energy Secretary Bill Richardson on Wednesday said he would not release oil from the country's Strategic Petroleum Reserve but there are lingering doubts as to whether he might still approve a loan of oil from the SPR.

US crude inventories of 283 million barrels are the lowest since 1976 when stockpiles last went below 280 million barrels and days of forward supply are much lower than at that time. US stockpiles of heating oil, diesel and gasoline are the leanest since 1997 when a combination of a harsh winter and oil company cost cutting sliced into inventories.

Visiting IFC Executive Vice President and World Bank Managing Director Peter L Woicke and BRAC Executive Director Fazle Hasan Abed yesterday sign a memorandum of understanding for setting up a bank in order to support the small and medium business initiatives.

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Naval Administrative Authority Tender Notice

Sealed tenders are hereby invited from the bonafide architects/manufacturers to build a wooden model ship including other associated works as per schedule at the Old Airport, Tejgaon, Dhaka for the Combined Military Hardware Display. Tender schedule will be available during office hours on all working days from the Secretary to Naval Administrative Authority, Dhaka on payment of Tk. 100/00 (Taka one hundred) only (non-refundable). Tenders are to be dropped in the tender box at BNS HAJI MOHSIN Guard Room, Dhaka Cantonment up to 12:00 Noon on 15 Feb, 2000. Tenders will be opened at 14:00 hours on the same day in presence of tenderers (if any). No tender schedule will be sold on the date of opening of the tender. Naval Administrative Authority, Dhaka reserves the right to accept or reject any or all tenders without assigning any reason whatsoever. Previous experience is required to this type of Naval works.

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US inflation seen insulated from surging oil prices

WASHINGTON, Feb 11: The surge in world oil prices to nine-year highs yesterday does not bode for dramatic acceleration in US inflation in the months ahead, economists said, reports Reuters.

The price of oil has nearly tripled in the past year and that pushed the US Consumer Price Index up by more than a full percentage point in 1999. But analysts say prices are more likely to level off or decline this year than to continue accelerating at such a rapid pace.

"We do expect it to finally break," US Bureau of Labour Statistics (BLS) economist Patrick Jackman said of the prospects for further oil price rises this year.

"Oil prices have gone through the roof but they are affecting a limited number of people," he said, adding the real test will be whether oil producers can keep prices up until the summer driving season in the United States which brings greater demand for gasoline.

While Jackman said higher oil prices will filter through to

the Consumer Price Index with very little lag time, economists are not bracing for a major spike in the government's main inflation gauge due to higher energy costs.

"We think that more of the inflation (this year) is going to be coming from core items such as a pick-up in the housing component and less from energy," said Paul Kasriel, chief domestic economist at Northern Trust in Chicago.

"I suspect we are going to see medical costs picking up and even some core goods are likely to be moving up a little faster because import prices are going to rise."

The core inflation rate factors out food and energy prices because of their month-to-month volatility. Monetary policy makers at the US Federal Reserve tend to pay more attention to core rates of inflation.

Oil prices slumped during the 1997-98 Asian financial crisis but came back with a vengeance last year as economies there began growing again and major oil exporting

nations agreed to production limits.

The gasoline component of the CPI rose 30 per cent in 1999 pushing the year-over-year CPI up 2.7 per cent versus 1.6 per cent in 1998. The BLS's Jackman attributed virtually all of the CPI's rise to higher oil prices.

Economists polled in a quarterly survey by Reuters last month predicted overall CPI would decline slightly this year to 2.4 per cent by the fourth quarter.

However core CPI is expected to trend higher from 1.9 per cent at the end of 1999 to 2.4 per cent in the fourth quarter of this year, according to the survey.

Still the inflation-phobic Fed appears to be fair-sanguine about rising oil prices and there are a number of explanations for that.

Spending on oil today makes up a much smaller portion of the economy than it did in the early 1980s and that, along with greater energy efficiency and a shift to alternative

sources of energy, have made the economy more insulated to oil shocks.

The Fed also sees oil price swings as transitory, said Kasriel, a former Fed economist. "It went up in 1999 and it will drop in 2000, so it's kind of a temporary thing."

However, if the Fed does not move to slow robust US demand, rising energy prices will feed through to higher rail, air and transport costs while a tight labour market will drive wages up.

"I'm not saying that we are off to be races. It appears to me the environment is such that we could start to see higher inflation outside the energy sector. If left alone we would see even higher inflation in 2001," he said.

But no one on Wall Street expects the Fed to let down its inflation guard. The central bank raised both key interest rates it controls by a quarter percentage point last week.