

6 trade, finance bodies to reform aid programme for LDCs

UNITED NATIONS, July 7: Six of the world's biggest international trade and finance organisations announced they would reform a four-year-old programme to help the world's poorest nations integrate into the global economy, says AP.

The reorganisation was prompted by a report earlier this month from independent experts that criticised the programme for weak administration and failing to link their efforts to improve trade to the overall development plans of the world's 48 least developed countries.

The organisations — the World Bank, the International Monetary Fund, the World Trade Organisation, the International Trade Centre and two UN agencies — agreed Thursday to ensure that trade-related initiatives address the specific needs of the countries and be included in the broader context of development.

The six organisations also set up a trust fund for the programme, known as the Integrated Framework, and called on governments and international organisations to donate \$20 million to fund technical assistance on trade over the next three years.

The United Nations designated 48 countries, most of them in sub-Saharan Africa, where per capita yearly income stands at one dollar per day or less, as least developed countries.

Compaq, IBM in storage alliance

HOUSTON, July 7: Compaq Computer Corp. and IBM have agreed to structure their data storage capabilities to work together, planning to spend as much as \$1 billion dollar combined on their storage sectors, reports AP.

In addition to compatibility of each company's storage hardware and software, the companies also will sell products from each other's storage product lines, they said in a joint announcement Thursday. Storage refers to facilities that allow major companies to handle massive amounts of data.

Compaq and IBM also pledged to help develop industry-wide storage standards to increase ease of use and flexibility. Currently, a storage area network, or SAN, operated by one company isn't necessarily compatible with another's.

Linda Sanford, general manager of IBM's storage subsystems division, said customers will benefit from greater compatibility in storage. She hoped the move will force competitors to fall in line.

"Vendors who continue to promote proprietary systems and standards will find themselves increasingly isolated," Sanford said.

One industry analyst agreed that further compatibility is good for everyone involved in the industry.

"The companies recognise that cooperation on open standards and interoperability best serve the interests of both parties as well as the larger networked storage community," said John McArthur, a storage analyst for IDC Consulting.

Turkey gets \$295m from IMF as inflation falls

WASHINGTON, July 7: The International Monetary Fund approved the release of \$295 million from its \$3.9 billion loan to Turkey yesterday and praised the government for its success in restoring growth and bringing inflation down, reports Reuters.

A statement released after an IMF board meeting said Turkey's strong fiscal performance had underpinned a better economic climate, and the primary budget surplus was likely to end the year higher than initially expected.

"Inflation, while still high, has declined to its lowest level since 1986," IMF First Deputy Managing Director Stanley Fischer said in the statement.

"A key contribution to the further fall in inflation will continue to come from rigorous implementation of the monetary and exchange rate framework introduced in early 2000."

Noting that the economy had returned to growth after last year's recession, he added: "The IMF commended the Turkish authorities on their steadfast implementation of the disinflation and fiscal adjustment programme launched in late 1999. Which had led to a rapid deceleration of inflation and a resumption of economic growth."

Last year's Turkish output was depressed after two strong earthquakes in key industrial regions and because Turkey suffered from the knock-on effect of financial problems in other emerging markets.

The economic programme underpinning the IMF loan is designed in part to rein in persistently high Turkish inflation by linking the depreciation of the lira currency to expected inflation rather than to actual price rises.

The government is targeting 25 per cent inflation by the end of this year and IMF officials said in April they thought this target could be met.

Turkey received the first instalment of cash from the loan when the fund's board approved the credit last December.

Japan faces pressure from peers at today's G7 meet

FUKUOKA, Japan, July 7: The United States and other members of the elite Group of Seven (G7) club will ratchet up pressure on Japan this weekend to prop up its leg of the world economy, a report said today, according to AFP.

Saturday's meeting of G7 finance ministers in this southern Japanese city comes at a sensitive time for the host country.

The Bank of Japan is preparing to defy domestic and international pressure and lift its 17-month-old "zero-rate" monetary policy, given tentative signs of an economic recovery.

While unable to intercede in the central bank's decision-making, Japanese Finance Minister Kiichi Miyazawa will pledge to stick to a big-spending fiscal policy, the Nihon Keizai Shimbun said.

The meeting's chairman will also tell his G7 partners — Britain, Canada, France, Germany, Italy and the United

States — that Japan will consider an extra spending package later this year, the newspaper said.

Miyazawa has indicated the government will decide on another kick-start package, possibly worth up to four trillion yen (38 billion dollars), after April-June economic growth data is released in September.

The G7 finance ministers will agree on the need for more pump-priming spending in Japan, despite the explosion of debt it has caused, and the fact that Europe is now growing faster, the business daily said.

Lawrence Summers, who will attend the Fukuoka meeting, on Wednesday called for faster growth in Japan and sustained momentum in Europe to balance out global economic activity led by the US.

Vice Finance Minister Haruhiko Kuroda meanwhile noted the debt problems that Japan is amassing after splurging

more than 100 trillion yen on the weakening economy over the past decade.

"Placing the economy on the right track is our priority, but it is difficult to step up economic stimulus measures," Kuroda was quoted as saying.

However, "we believe that we should continue our current stance on stimulative economic policies."

It would be premature to declare a recovery, Kuroda added, after last Tuesday's "Tankan" business confidence survey showed major manufacturers' sentiment at nearly a three-year high.

"There are brighter signs in the corporate sector, but they have not spread to improvement in the household sector," he said.

Those in the central bank in favor of raising interest rates argue not only that Japan is growing fast enough to accommodate more expensive money, but also that essentially free

money has discouraged the process of economic reform at many Japanese companies.

For the government, the priority is to see faster business spending make the leap to more robust spending by consumers. Private consumption accounts for two-thirds of all economic growth in Japan.

On Thursday, Miyazawa said Japan's economy would grow by far more than the 1.0 per cent targeted by the government for the financial year ending March 2001.

Over the past fiscal year, the economy grew just 0.5 per cent, missing the government's meagre target of 0.6 per cent growth. But it was still the first time the world's second biggest economy had grown in three years.

The G7 meeting will prepare the stage for a higher-profile Group of Eight summit, adding Russia to the conference table, on the southern Japanese island of Okinawa from July 21 to 23.

Telecom row with US may overshadow summit

WASHINGTON, July 7: US Senate leaders have stepped up pressure on Japan to settle a bitter telecommunications dispute, warning that the feud could overshadow this month's summit of Group of Eight (G8) nations, reports Reuters.

In what has become the thorniest trade issue between the world's two biggest economies, Washington has demanded that telecoms giant Nippon Telegraph and Telephone (NTT) 9432.2 immediately slash the fees charged to other carriers for access to its local phone lines. Japan has offered more modest cuts over a longer time period.

"We seek progress in Japan's commitment to reduce substantially interconnection rates," Senate Finance Committee Chairman William Roth, a Delaware Republican, and the panel's ranking Democrat, Daniel Patrick Moynihan of New York, said in a letter released on Thursday.

The senators said settlement of the dispute was "critical to ensure a successful Okinawa G8 economic summit," according to the letter, sent to Japanese Ambassador to the United States Shunji Yanai.

Talks on the NTT dispute are set to begin on July 10, and both sides have said they would like to resolve it before Japanese Prime Minister Yoshiro Mori meets US President Bill Clinton on the sidelines of July 21-23 G8 summit.

Washington has demanded a

41 per cent cut immediately in the fees NTT charges rivals for access to local lines. Tokyo has offered a 22.5 per cent cut over four years.

The Yomiuri Shimbun newspaper said the two sides were likely to agree that NTT cut the rates by around 28 per cent by the end of 2002 and to agree to discuss further cuts "in light of NTT's business performance."

An official at the Posts and Telecommunications Ministry denied the report.

US trade officials had no comment, saying all proposals would be discussed in detail starting July 10. If progress is made, US Trade Representative Charlene Barshefsky is likely to travel to Japan to join the negotiations.

NTT, 53 per cent owned by the government, has argued that cutting the rates as deeply and as fast as Washington wanted would squeeze profits and threaten jobs at the telecoms giant.

Failure to settle the spat could be embarrassing for Mori, who wants to make Information Technology the centre piece of the G8 summit. The United States has threatened to file a complaint with the World Trade Organisation by the end of July if Tokyo refuses to cut the fees.

The Group of Eight unites Russia, Britain, France, Germany, Italy and Canada as well as Japan and the United States.



Local female residents yesterday walk under welcome banners for the Group of Seven finance ministers' meeting in Fukuoka. The weekend G-7 session will bring together finance ministers from Britain, Canada, France, Germany, Italy, Japan and the United States. The G-7 finance ministers' meeting will precede the 21-23 summit of the G-7 plus Russia in Okinawa. — AFP photo

WB fails to reach deal on contentious China loan

WASHINGTON, July 7: World Bank directors to reach a decision on a contentious loan that would resettle poor Chinese farmers to traditional Tibetan lands. The United States and environmental and human rights groups oppose the plan, reports AP.

After debating the US \$40 million project for 6 1/2 hours on Thursday, the board of directors recessed and agreed to resume talks Friday morning, bank officials said.

The choices the directors faced were to go ahead with the project, cancel it, or carry out further environmental and social studies over the next 15 to 18 months before providing any funds, said the officials, who spoke on condition of anonymity.

Bank President, James Wolfensohn has recommended a delay but China opposes consultants making extensive visits to the remote western area. China has a seat on the 24-member bank board which makes the final decision on the project.

Some supporters of the resettlement plan argue that if China agrees to make public the environmental and social assessments conducted by international experts for the project, it would be taking another step toward political liberalisation.

Under the plan, the loan would be used to resettle 58,000 impoverished Chinese and Hui Muslim farmers in lands in Qinghai Province that are the traditional homeland for 4,000 Tibetan and Mongol herders.

Pro-Tibetan groups contend resettlement would dilute its minority Tibetan population. Tibet's exiled spiritual leader, the Dalai Lama, said last month after a meeting with US President, Bill Clinton that the bank initiative "would be a source of more problems" and should not proceed.

Several protesters from the Campaign for Tibet camped out in front of bank headquarters for the fourth day Thursday.

Environmental groups object to the part of the plan that would underwrite construction of dams and irrigation canals in the resettlement area.

China insisted last week the project is supported by those who would be relocated and by the Tibetans living in the province.

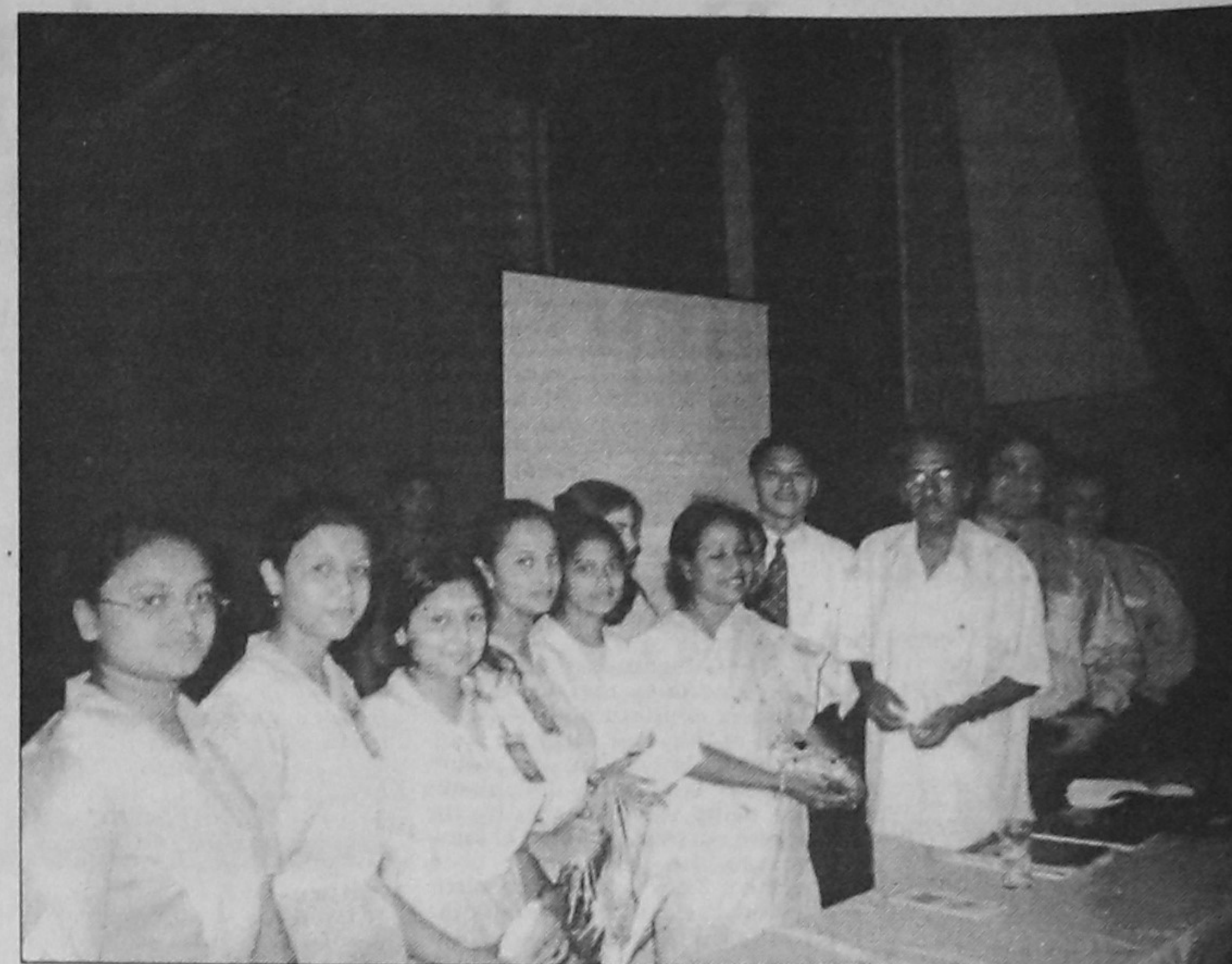
Virgin Atlantic Airways starts India flights

NEW DELHI, India, July 7: Waving India's national flag from the cockpit, a turban-wearing Virgin Atlantic Chairman Richard Branson heralded the beginning of his company's direct flights between London and New Delhi on Thursday, says AP.

Branson alighted from a Boeing 747 at Indira Gandhi International Airport dressed as Sikh dancer, wearing a long, red shirt; a cream-colored jacket and a loose, red wraparound.

Branson was received by a Sikh, Indian Sports Minister Sukhdev Singh Dhindsa, then jiggled to the drum beats of the Punjabi Bhangra dance.

A codesharing arrangement with state-run Air India will allow Virgin Atlantic to initially operate two flights a week.



Students of Viquarunnesa Noon Girls School and College receive special lucky draw prizes from Dr Faruq Aziz Khan, Executive Director of Informatics, at a seminar held at the college on Thursday. — Informatics photo

Informatics holds IT seminar at Viquarunnesa Girls College

Informatics Institute Bangladesh held an IT seminar on "Internet Revolution and e-commerce" at Viquarunnesa Noon Girls School and College on Thursday, says a press release.

Present at the seminar from Informatics were Dr Faruq Aziz Khan, Executive Director, Atif Rahman, Director, Mr Paul Caparas, Centre Manager, and from Viquarunnesa Girls College Hamida Ali, Principal, and Tasmin, Computer Department Head.

Around 1,200 students attended the seminar and a presentation was made with a power point slide show.

The faculty among the audience at Viquarunnesa Girls School and College gave their valuable suggestions and comments and discussed with Dr Faruq A Khan and Atif Rahman of Informatics the students' future prospects in the IT sector.

Major part of the discussion included the philosophy and use of Internet, scopes of Internet education, a demonstration on real web sites, new tie-up between Informatics and Microbytes Inc. creating job placement opportunities for IT professionals from Bangladesh, and an introduction on Informatics.

The seminar ended with a lucky draw and five winners were given some special prizes by Informatics.

Mercosur to cut tariff by 3pc next year

BUENOS AIRES, July 7: South America's Mercosur will cut its tariff on imports from the rest of the world by three percentage points in 2001, making it easier for Chile to join the world's third trade bloc, a senior Argentine official confirmed yesterday, reports Reuters.

The reduction in the average common external tariff to 11 per cent from 14 per cent at the end of this year was agreed on by the bloc's two largest members, Brazil and Argentina, in late 1997.

"Obviously I consider that decision will be respected, so the tariff will fall by three points at the end of the year," said Norberto Lanelli, Argentina's Undersecretary for economic integration.

Paraguay and Uruguay are also members of Mercosur but account for less than 5 per cent of its \$1 trillion economy. Chile and Bolivia are associate members.

Mercosur — especially Argentina — is eager for Chile to become a full member. But Chile, which has had one of the strongest-performing emerging markets over the past two decades, has said it will not increase its tariffs, as this could damage its export-led economy.

Chile has a flat-rate tariff of 9 per cent, which it plans to cut to 6 per cent by 2003.

Mercosur's tariffs vary ac-

cording to the product involved. But the average level is currently 14 per cent, Argentine officials said.

"I think that the cut in the common external tariff will help Chile join Mercosur," economist Raul Ochoa, a former trade undersecretary for Argentina, told Reuters.

But economists say there are other deep differences between Chile, which is committed to trade, and Mercosur, which wants to protect some of its industries, notably its car manufactures.

Mercosur countries say the bloc has an importance beyond trade and gives South American countries a voice on the world stage.

Mercosur's four core members have a combined population of 200 million. Chile has 15 million people and an annual gross domestic product of \$80 billion. Bolivia, one of the hemisphere's poorest countries, has 8 million people.

A reduction in Mercosur's tariffs could hit some of the bloc's industries, particularly in Argentina, economists said.

Unlike other countries in the region, Argentina has pegged its currency at a fixed exchange rate with the US dollar. Its goods, therefore, become less competitive if other currencies lose ground against the greenback.



Gias Uddin, Director-Business Development, Major General (Retd) Amjad Khan Chowdhury, Director, Ahsan Khan Chowdhury, Managing Director, Lt Col (Retd) Mahtab Uddin Ahmed, Chairman, Sabiha Amjad, Director, and Md Anwar Hossain, Executive Director of Rangpur Foundry Ltd, are seen at the 20th AGM of the company Thursday. — RFL photo

20th AGM held RFL declares 15pc dividend

The 20th AGM of Rangpur Foundry Ltd (RFL) for the year 1999 was held at Officers' Club in the city on Thursday.

This was the first annual general meeting of the company with the public shareholders. The meeting, attended by good number of shareholders, was presided over by Chairman of the Board of Directors Lt Col (Retd) Mahtabuddin Ahmed, says a press release of the company.

Ahsan Khan Chowdhury, Managing Director, Sabiha Amjad, Director, Major General (Retd) Amjad Khan Chowdhury, Director, and Md Anwar Hossain, Executive Director, were present in the meeting.

The investors expressed their confidence in the management of the company, an enterprise of the PRAN Group, and gave their suggestions for improvement.

The declaration of a 15 per cent dividend for the year 1999 was highly acclaimed by shareholders at the AGM.

The managing director apprised the shareholders about RFL's future plans for sustaining its growth.

Move to back reforms

WB ready to give Russia \$1b

BERLIN, July 7: The World Bank is ready to lend about \$1 billion to Russia to support reforms to its economy, the Washington-based institution's eastern Europe chief Johannes Linn said yesterday, reports Reuters.

"We have declared our fundamental willingness to give Russia fresh credit to support its economic reforms," Linn told a news conference in Berlin.

Later a spokeswoman for the World Bank's Moscow office said a bank mission will arrive in Moscow next week to discuss Russia's economic programme and the bank's support for parts of it.

Linn said that the sum involved in a World Bank loan would be roughly equivalent to a credit agreement which lapsed and was not paid out after the Russian ruble crisis in 1998.

That loan deal was \$1.5 billion in total, but \$1.1 billion was never paid out because of

the devaluation of the Russian currency and Moscow's default on its sovereign debt.

Linn said a final decision on the loan would not be taken until the autumn. He added that the World Bank was cautiously optimistic about Russia's economic prospects.

The spokeswoman for the World Bank's Moscow office said the mission was scheduled to arrive on July 17 and would work in Moscow for two or three weeks.

"The mission will discuss with the government the new economic programme and explore options for the bank's possible future financial and technical support for implementation of selected elements of this programme," she told Reuters.

The Russian government also expects an International Monetary Fund mission in Moscow next week to discuss resumption of stalled lending.

ROK financial sector remains weak: Report Reform consensus evaporates

SEOUL, July 7: Three years after an epic financial crisis, Korea's financial sector remains weak, the corporate structure opaque, and a consensus for reform has evaporated, a new report by the US-based Milken Institute said, reports Reuters.

The committee did not expect implementation of the disinflation and fiscal adjustment programme launched in late 1999. Which had led to a rapid deceleration of inflation and a resumption of economic growth."

The base rate is what Britain's central bank charges for loans to other banks and is an important indicator for private sector lending rates to businesses and individuals.

The committee did not explain its decision, but evidence of an economic slowdown is on the rise.

Property prices — one of the most closely watched signs — have cooled from the red-hot levels of 1999, as many people in London and the prosperous southeast find they can't afford to buy a first home.

The country's largest corporations have shed more than a quarter of their workers and greatly reduced astronomical debt burdens — generally by asset revaluations and capital market issues — in the most tangible consequences of the crisis.

"By all measures, labour has been the loser in the crisis," said Milken Institute Director of Global Studies Hilton Root in a report titled "Korea's Recovery: Don't Count on the Government."

The Institute is a non-profit, non-partisan economic think tank founded in 1991. "Labour's weakness has been one reason chaebols have been able to resist reform," said the report, referring to the family-owned conglomerates that dominate the economy.

The government has become the largest shareholder in the financial sector since Korea turned to the International Monetary Fund for a record \$58.35 billion bail-out in December, 1997.

It now has majority shares in 10 commercial banks, eight insurance firms and two investment trusts. Despite that, "no significant management changes have occurred," the report said.

A new regulatory body, the Financial Supervisory Commission, was set up after the

crisis, but the report questioned its independence in regulating a government-owned banking sector.

In fact, the government now controls corporate and financial assets amounting to 100 per cent of the gross domestic product.

If the equity markets are to perform properly, the chaebol need to be broken up into units whose economic performance can be directly observed, the report said.

Combined financial statements that prevent firms from making double entries or hiding assets will be required in 2000, but it is unclear whether the government will be able to enforce this requirement," the report said.

Chaebol reform has mostly been government-induced asset swaps among the big conglomerates, known as "Big Deals" aimed at creating core business areas and cutting excess capacity.

"However, this simply allows conglomerates to dump the public assets that are unsalvageable and keep the jewels themselves," the report said. "The Big Deal replaced the market with the government."

Chaebol ranked six to 30 in terms of assets remain in deep distress with a negative income of 6 trillion won (\$5.3 billion) at the end of last year.