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The Daily Star BUSINESS

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IMF forecasts end to massive past bailouts

WASHINGTON, Sept 15: The International Monetary Fund yesterday laid down a vision of a more focused fund and forecast an end to the massive and relentlessly rising bailouts of the past, says Reuters.

"Market participants have to know that financing from the fund is and will remain limited. Market participants will have to know they will have to bear the full risk of making bad judgments," a senior IMF official told reporters in a background briefing ahead of this month's annual meetings in Prague.

"There may again be crisis packages like in the past, but it is not automatic that crisis packages will grow forever."

The IMF, set up to rebuild the world financial system after World War Two, put together multibillion dollar rescue deals during the world financial crisis of 1997-99. Its largest single loan, a \$21 billion credit, went to South Korea, although Seoul has already paid back much of that money.

Critics have long complained that these big bailouts encouraged banks to lend irresponsibly because they knew the IMF would step in to rescue them. Germany's central bank, the Bundesbank, said on Thursday that the IMF should not let its money be used to rescue private banks.

"The Bundesbank views the IMF's evident break with the principle of catalytic financing as problematic," the bank said. "Large IMF loans have tended to compensate for crisis-induced private capital outflows...and has de facto resulted in a 'bailout of the private sector'."

The official said he wanted the new IMF to concentrate on main fiscal and monetary responsibilities, ensuring that countries backed the policies it recommended and that it offered advice rather than a lecture.

Britain plans to auction more gold next week

LONDON, Sept 15: Britain will auction another 25 tonnes of gold next week but analysts said the latest sale was unlikely to inject any momentum into a nervous market which has been hammered in recent weeks by US dollar strength, reports Reuters.

The auction is number three in a second series of sales in the Bank of England's controversial programme to cut gold reserves to 300 tonnes from 415 and modernise its portfolio by replacing bullion with dollars, euros and yen.

The last sale in July was just 1.3 tonnes oversubscribed the lowest figure so far but it took place during the traditionally slow summer season. Analysts expected more demand for this sale, though not by much.

The trouble right now is that gold is expensive in virtually every other currency but the US dollar, said mining analyst Martin Potts at Williams de Broe.

Since the beginning of the month, the dollar has risen more than two per cent, knocking the spot gold price from levels near \$280 down to around \$272 a troy ounce, just \$2 short of 12-month lows.

Investment yet insecure in Russia?

MOSCOW, Sept 15: Russia's booming economy and rising stock market obscure a conclusion by many working here that this is still a dangerous place to invest because property rights are weak and uncertain. The recent woes of two mobile phone firms pressured to give up radio frequencies shows either the government's internal divisions or ignorance of businesses' rights, analysts said, reports Reuters.

Industrialists also say they are in limbo because the government will not decisively end speculation that privatisations may be revised, meaning nothing is safe to buy.

Tax reforms earlier this summer were seen as evidence of the government's new will to change, but more meaty proposals aimed at business are only due to be considered later this year.

This week Russia's two main mobile phone carriers, Mobile TeleSystems (MTS) and Vimpel Communications (Vimpel), have been battling regulators who say they must give up previously allocated frequencies used for Moscow networks.

The two companies are Russia's best recent investment successes: they have raised a total of nearly \$600 million on foreign markets in the last few months, and Vimpelcom in particular is known for doing things by the Western book.

July export earning beats target by 20.55pc

Poor show by raw jute and tea

By Monjur Mahmud

The country's exports fetched US\$ 634.31 million in July, the first month of the current financial year. The earning was up by 20.55 per cent from the target and 23.07 per cent higher than that of last fiscal's same period.

According to Export Promotion Bureau (EPB) statistics, target for the first month of FY 2001 was US\$526.17 million.

Except for raw jute and tea, all the major export items including readymade garments (RMG), knitwear, frozen foods, jute goods, leather, handicrafts and chemical products crossed their respective targets during the period.

The price index and export volume increased by 2.85 per cent and 20.22 per cent respec-

tively during the time under review.

RMG exports brought \$341.30 million, which shows an increased performance by 24.11 per cent if compared to the goal and 12.25 per cent higher than the last financial year's same month.

Knitwear worth \$137.76 million was exported in July this fiscal, which is 11.70 per cent higher from the target and 25 per cent up from last fiscal's same period.

During the said period, frozen foods valued at \$50.36 million were exported to international markets, showing a growth of 72.64 per cent from the target. This is again 71.88 per cent jump from last fiscal's corresponding period.

Leather export beat the target by 1.28 per cent by fetching \$18.15 million. This is again 43.14 per cent higher than last fiscal's same period.

Jute goods worth \$28.59 million were exported against a target of \$25 million. The earning is 14.36 per cent higher than the goal and 34.48 per cent more than last fiscal's corresponding time. During the same period, chemical products worth \$13.09 million were exported against its \$8.33 million target.

Handicrafts, however, failed to stay abreast the better-performing export items as products worth only \$0.52 million were exported during the period against the \$0.58 million target. This shows a 10.34 per cent

decline from the goal and 36.84 per cent drop from the parallel period of FY 2000.

During the period under review, raw jute worth \$4.61 million was exported against its target of \$6.25 million, which also is 26.24 per cent less than the goal and shows a 43.78 per cent decline from last fiscal's same time.

Tea export amounted to 1.37 million kg and fetched \$1.85 million during the period against the \$2.5 million earning target. This is a drastic 26 per cent fall from the goal.

United States was the major market for Bangladesh exports in July this fiscal, accounting for \$272.54 million or 42.97 per cent of the total exports.



(From 2nd L to R) American Express (AmEx) Area Manager for Travel Related Services Anthony Lee, Head of Regional Marketing, Asia/Pacific/Australia, AmEx International, and Vice-president David S Cronin, Singapore Airline's (SIA) Senior Vice-president for Marketing Planning Huang Cheng Eng and Area Vice President (Singapore) for SIA Chia Boon Kuah join in a toast at the launch of an alliance between SIA and AmEx in Singapore Thursday. The two companies launched a credit card, which offers travel-related benefits.

-AFP photo



Vice Chancellor of Dhaka University Professor AK Azad Chowdhury opens the first Wintech E-commerce Learning Centre at Dhanmondi in the city Thursday. Professor Kaikobad of the Department of Computer Science and Engineering of BUET, and Chairman of Wintech E-commerce Centre Yusuf Abdullah Harun were present.

-Wintech photo

Wintech centre opens at Dhanmondi

The first Wintech E-commerce Learning Centre has been opened at Dhanmondi in the city, says a press release.

Dhaka University Vice Chancellor Professor A K Azad Chowdhury inaugurated the centre as chief guest on Thursday.

A local company, Insoft Systems Ltd, is the master franchisee of the leading Indian computer learning center.

Head of the Department of Computer Science and Engineering of Bangladesh University of Engineering and Technology (BUET) Prof Kaikobad was present as special guest, while Chairman of the Insoft Systems Ltd Yusuf A Harun and Country Manager of Wintech Mayonk Tripathi attended the ceremony.

Addressing the ceremony, Prof Azad said the youths of the country have sufficient talent to excel in the field of IT and what they need now is scopes to nurture their merit in the specific field. "Our youths have proved it by winning international contests in solving problems related to IT where they competed with their counterparts from world-class universities and institutions," he added.

In his speech, Wintech Country Manager Mayonk Tripathi said that demand in the field of IT had always been more than supply even with so many IT education and training institutes.

Weekly Currency Roundup

Sept 10-14, 2000

Local Market

The local foreign exchange market was active last week. Dollar demand was moderate throughout the week but plummeted even more on the last working day. Most of the market players were long in dollars. Trade-related demand of the greenback was low in spot, as most of the corporate bodies have already taken forward cover to hedge their foreign exchange exposures. Demand for short-term forward among the corporate segment is picking up. In general, dollar demand remained flat and trading was rangebound. Meanwhile, the interbank players took advantage of the weakness of euro and traded actively in the European currencies.

In the informal market, dollar was trading at BDT 59 level. There is still a significant difference between the kerb market and the official rate.

According to Bangladesh Foreign Exchange Dealers' Association (BAFEDA), the daily average foreign exchange turnover was USD 261.78 million. The average USD selling rate against import letter of credits was BDT 54.2493 and the average USD buying rate against inward remittance was BDT 53.8418. Last week, the money market maintained its steady level of activities. Call money was traded in a narrow range. There was ample liquidity in the market and the lenders outnumbered the borrowers. Throughout the week, the call money rate fluctuated between 5.75 to 6.25 per cent.

International Market

In the International markets, Euro rose a little from the lows. Market was of the opinion that its rebound would be short-lived, as traders were inclined to test official willingness to support it with intervention on the foreign exchange.

On Tuesday, euro plummeted to record lows against dollar and yen as the sheer momentum of its recent decline scared off investors amid absence of any support from the European authorities. Market was flatly disappointed by a lukewarm statement last week from the Eurozone finance ministers and the European Central Bank (ECB) about their common concern over the single currency. Meanwhile, Swiss franc showed some resilience against dollar and was to some extent decoupling from euro.

At the end of the week, euro leapt by more than one cent against dollar after the ECB commented that it would sell interest earned on foreign exchange reserves and buy euro. The single currency has lost more than 27 per cent against dollar. ECB commented that the sales of interest income would be spread over a number of days and would maintain the structure and risk profile of the ECB's balance sheet.

-Standard Chartered Bank

Indian rupee concerns weigh on long-term bonds

BOMBAY, Sept 15: India's bond market is asking how long before the rupee currency comes under pressure again due to a burgeoning oil bill, analysts said yesterday, reports Reuters.

Finance Minister Yashwant Sinha voiced concerns on Wednesday about the strain on India's financial resources if an oil producers' promise to pump faster fails to bring down high global prices.

Worries that the central bank will again be forced to increase interest rates to defend the rupee are manifest in a marked reluctance to buy medium and long term securities.

The actively traded short-term paper, the 12.50 per cent 2004 stock traded at 104.93 rupees on Thursday afternoon. It had risen to over 105 on Tuesday, before coming off on Wednesday. But it is still up from 104.26 rupees a little over a month ago.

The 12.60 per cent 2018 stock was at 107.0 rupees on Thursday, which was a dip from around 108 rupees a month ago.

US offers \$1b trade financing to India

WASHINGTON, Sept 15: The United States announced \$1 billion in trade-financing and loans for India yesterday, aimed at shoring up commercial ties between the world's richest and most populous democracies, says Reuters.

On the sidelines of Indian Prime Minister Atal Behari Vajpayee's visit to Washington, the US Export-Import Bank signed agreements with Indian financial institutions expected to support nearly \$1 billion in American exports to India.

Separately, the US Agency for International Development said it would guarantee a \$20 million loan to India's Housing and Urban Development Corp to help finance water, sewage and solid waste projects in urban areas, and launched a training programme in India's energy sector.

Vajpayee arrived in Washington on Wednesday for the four-day official visit, which was expected to stress the importance of economic ties between Washington and New Delhi.

WASHINGTON, Sept 15: A landmark China trade bill that could transform Sino-US relations was on the brink of passage after the US Senate yesterday rejected the final amendments and scheduled a Sept 19 vote, says Reuters.

Senators said there was no longer any doubt legislation granting permanent normal trade relations (PNTR) to China would pass by a large margin, in a victory for President Bill Clinton and business groups eager to tap the vast Chinese marketplace, potentially the world's largest with 1.3 billion consumers.

The last major hurdle was cleared on Wednesday when senators rejected a controversial amendment to impose sanctions on China for its alleged role in weapons proliferation.

The Senate went on to defeat the final six amendments on Thursday, ending a two-week drive by Beijing's critics to scuttle the bill by amending it.

"It's a done deal," said Myron Brilliant, managing director for

Asia at the US Chamber of Commerce.

Senators have agreed to six hours of closing debate before Tuesday's historic vote on the legislation, which would bring an end to the annual ritual of reviewing Beijing's trade status and guarantee Chinese goods the same low-tariff access to the US market as products from nearly every other nation.

In exchange for the benefits, China has agreed to open a wide range of markets to US businesses under the terms of an agreement setting the stage for Beijing to join the Geneva-based World Trade Organisation (WTO) later this year.

Clinton has made passage of permanent normal trade relations for China a top legislative priority for his final year in office.

The president's allies in the trade fight argued that it would benefit the US economy and national security by encouraging Beijing to open its markets and eventually its political system.

Labour unions, a key Demo-

cratic constituency, warned that closer trade ties could cost hundreds of thousands of American workers their jobs, as Chinese goods flood the US market and companies move their factories to China to take advantage of lower wages.

A bitterly divided House of Representatives approved the legislation in May after an unprecedented lobbying campaign by pro-trade groups.

There was never much doubt about the outcome in the Senate, where free-trade initiatives typically garner bipartisan support. Nevertheless, a small but determined band of China critics mounted a last-ditch offensive, offering amendments that would crackdown on Chinese weapons sales and forced abortions, and call for Beijing to improve human rights and labour standards.

The final amendment, by South Carolina Democrat Ernest Hollings, would have limited US Export-Import Bank financing in China. It was defeated by voice vote.

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Sarwar Ahmed, MBA (sarwar@asia.com) hosts this column. He heads a business sector of a multinational company in Bangladesh.

The Daily Star introduces a new business solutions column every Saturday. While running your business, you come across problems and wish someone would help. This column will provide you with possible insights to solve your problems.

GETTING RESPECT

9: Maybe I'm old-fashioned, but nowadays youngsters do not seem to respect their elders - be it in the office or elsewhere. Behind 'yes sirs', you may sometime sense their disrespect. What would you recommend to make people more respectful? I am hurt!

A: Respect is earned, not forcefully acquired. Be it in our office, while on a rickshaw or elsewhere. If you want to be respected, learn how to respect others. That's the golden rule. How do you respect others?

It starts with burying our egos. For a small country, Bangladesh boasts the biggest egotists - you should see the VVIP markings as soon as you land at ZIA. From airports to graveyards, we have indoctrinated a VIP ego culture. It seems as if our ego-inflated VIPs expect God to have a red carpet welcome ready for them once buried in their VIP graves!

You want respect? Be humble. In humility you get respect. With a big ego, you cannot do that. Your position will get you 'yes sirs', but not genuine respect. Studies say that 92 per cent of the communication between human beings is non-verbal. Spoken words convey only 8 per cent meaning in any communication. What does that mean?

It simply means that you cannot fake respect. You get what you give. If you genuinely respect others - which means burying your egos and related pomp and glory - you will get respect.

In an office, even if you are the boss, learn to respect your colleagues, subordinates and even the peon who is intimidated if you call him for a glass of water.

Ego creates disrespect. Ego wants forced respect and 'your obedient servant' attitudes. If such is your case, you should not worry about callous remarks or other signage of disrespect that is bound to appear your way. That is the price to pay for your ego.

Study history. Great people in the past have been great due to their humility. Prophet Mohammad (SM), described as the greatest man in history, is an epitome of humility. So was Jesus Christ or Gandhi - their greatness was their humility.

The other aspect you need to look into is fairness and impartiality. As a boss, you sometimes have to play god - making unpleasant, tough decisions. If you are perceived to be fair and impartial, you get respect.

And finally, your competence at job will earn you respect. You are of course not expected to know answers to everything - be humble enough to acknowledge that and seek help from your colleagues or subordinates to take the toughest decisions.

Respect requires humility, fairness and competence. Do you have it?

IMF economic outlook sees US soft landing

LONDON, Sept 15: The International Monetary Fund's latest World Economic Outlook, due for release next week, sees good chances for a soft landing for the US economy in 2001 after rapid growth this year, an IMF source said today, reports Reuters.

Citing details from the report, the source said the IMF projects US growth at 5.2 per cent this year, thanks to strong productivity growth, with growth slowing to 3.2 per cent in 2001.

"It looks like (US Federal Reserve Chairman Alan) Greenspan's acceleration of the rate of productivity growth is continuing," the source said.

Growth in the 11 countries which share Europe's common currency, the euro, is seen at 3.4 per cent this year and next.

Asian economies en route to strong growth in 2000

SINGAPORE, Sept 15: Growth forecasts for much of Asia have been raised once again after a generally stellar first half performance, although a few nations with persistent domestic problems bucked the trend, says Reuters.

Reuters polls on 13 economies, excluding Japan, showed that strong trade performance, recovering domestic consumption and financial reforms have put most countries in the region on track for solid growth in gross domestic product (GDP) in 2000.

Economists raised growth forecasts for Hong Kong, Singa-

pore, Australia, China, the Philippines, Malaysia and Sri Lanka due to a resurgence in trade and domestic consumption.

But uncertainties ranging from slumping currencies to weak domestic demand and social unrest prompted economists to trim their forecasts for New Zealand, Thailand and Indonesia, respectively.

The growth outlooks for India, South Korea and Taiwan suffered minor downward revisions.

However, economists said Asia's strong recovery run would slow considerably by the end of this year or in 2001 as the US economy cools, the effects of

higher oil prices kick in and their economic base widens.

Hong Kong and Singapore, Asia's favourite economies outside Japan, drew the largest upward revisions in growth forecasts after exceeding expectations in the first half of the year.

Hong Kong's GDP is expected to grow by 9.2 per cent in 2000 and 4.4 per cent in 2001 over previous years against 5.8 per cent and 4.5 per cent forecast by the economists in June. The government has forecast 8.5 per cent growth in 2000.

Hong Kong's double-digit growth in the first and second quarters was partly due to com-

parisons with data in early 1999 when it was still reeling from its worst recession in a decade.

Growth in 2001 would be underpinned by foreign investment flows once China joined the World Trade Organisation and the likely emergence of inflation as consumer demand picked up in the second half of 2001, economists said.

Singapore's economy is forecast to grow by 8.4 per cent this year and 6.7 per cent in 2001. This compares with a forecast of 7.9 per cent in August and an official growth forecast of 7.5 to 8.5 per cent for this year.