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ICC Asia Confce calls for integration of LDCs with global trading regime

Bangladesh chapter chief briefs press about outcome

Star Business Report

The just concluded two-day International Chamber of Commerce (ICC) Asia Conference has recommended greater integration of the developing and least developed countries with the global economic and trading regime.

The participants noted with concern that despite the increase in world-wide flow of foreign direct investment (FDI), the portion of fund for the developing and least developed countries has been on the decrease. ICC-Bangladesh President Mahbubur Rahman said while briefing journalists on the outcome of the conference at a local club in the city yesterday.

ICC Vice President Latifur Rahman, ICC Vice President ASM Quasem and ICC Secretary Mahiuddin Babar were also present at the briefing.

Rahman said the conference

felt that there should be manifold increase of FDI inflow to these countries to bring about an equilibrium in global economy.

Moreover, the rapid development in electronic communication in the recent days and its tangible impact on various aspects of life in near future could cause development imbalance if efforts are not taken immediately to develop the infrastructure of these countries, Rahman said.

The two-day ICC Asia conference, organised by the ICC and hosted by the ICC-Bangladesh, was held in the city on November 10-11.

Prime Minister Sheikh Hasina inaugurated the conference which was also attended by some leading dignitaries from the region including Deputy Prime Minister of Thailand

and Director General Designate of WTO Dr Supachai Panitchpakdi, President of Asian Development Bank (ADB) Tadao Chino, Executive Secretary of UN ESCAP Dr Kun Hak-Su and Vice Minister of Chinese Ministry of Foreign Trade and Economic Co-operation Sun Zhen-gui.

Rahman said the deliberations at the business sessions referred to the potentials for investment in different sectors in the region. However, the participants took special note of the problems faced quite often by the prospective investors.

The deliberations also stressed the need for more interactions among the countries of the region to seek greater volume of FDI, Rahman said.

The speakers observed that despite the fact that global FDI flow was increasing and with

the forecast that it will reach trillion in next few years, the share for the developing and least developed countries was in fact decreasing. They noted that FDI flow in the region was concentrated towards the fast developing economies only bypassing the badly needed ones, the ICC-Bangladesh president said.

He said that the conference voiced concern at the growing imbalance in trade between the developed countries and the developing and least developed ones.

The participants opined that non-fulfilment of the regulations of the Marrakesh agreement and decisions of the WTO with regard to the needs and imperatives for the developing and least developed countries were creating hindrances.



Mahbubur Rahman (2nd from right), President of International Chamber of Commerce (ICC)-Bangladesh, is seen speaking at a press briefing on the just-concluded ICC Asia Conference in Dhaka yesterday. Latifur Rahman, Vice President of ICCB, is seen on his left while ASM Quasem, Vice President, and Mohiuddin Babar, Secretary of ICCB, are on his right. — ICC photo

8th Standard Bank branch opens at Gulshan

Standard Bank Limited recently opened its 8th branch at Kemal Ataturk Avenue, Gulshan in the city, says a press release.

Minister for Industries Tofail Ahmed attended the function as chief guest and opened the branch while Member of Parliament AKM Rahmatullah was present as special guest.

The programme was presided over by Kazi Akramuddin Ahmed, Chairman of SBL. Among others, Vice-Chairman Mohammad Nurul Islam, Mahiuddin Molla, Chairman of the Executive Committee, Directors, Managing Director Shahjada Syed Nizamuddin Ahmed, industrialists, businessmen and local elite were present.

Speaking on the occasion, the Industries Minister said the annual export during the time of present democratic government has doubled from the position of 1996.

Tofail Ahmed said that private banks like Standard Bank Limited could play a vital role in building up economic infrastructure and generating capital and savings through expansion of their activity to the grass-roots level.

AKM Rahmatullah, MP, asked the bank management to take extra caution in investing the bank's money. He said that the bank must ensure recovery of loans by taking appropriate adequate security and proper monitoring of the portfolios.

Kazi Akramuddin Ahmed, Chairman of SBL, assured the audience of better and transparent banking service. He said the bank will finance trade, commerce and industries in order to boost the economy.

Shahjada Syed Nizamuddin Ahmed, Managing Director of the bank, also spoke on the occasion.

Russia, Mongolia discuss boosting economic ties

ULAN BATOR, Nov 16: Russian President Vladimir Putin discussed boosting trade with neighbouring Mongolia on Tuesday, hoping to end a decade of sluggish ties and rekindle friendship with the once close Soviet client, says AP.

E Asia now torn by budgetary restraint after financial crisis

OECD-ADB report says

TOKYO, Nov 16: After the financial maelstrom of 1997-98, East Asian countries have inherited a heavy budgetary burden, requiring a politically sensitive reorganisation of public finances, says a joint report published in Tokyo this week.

The report, titled 'Sustainable Recovery in Asia, Mobilising Resources for Development' was published by the Organisation for Economic Cooperation and Development and the Asian Development Bank (ADB).

The need to reformat the region's financial systems devastated by the crisis and the resultant drop in fiscal revenues has resulted in the public finances of countries which, before the crisis seemed to be paragons of budgetary discipline, going deep into the red.

The report asserts that 'innovative' fiscal arrangements will have to be developed to deal

with this new environment and permit public savings to rise.

It will not be enough simply to improve revenue collection by broadening the tax base and reducing exemptions, says the report, which was based on the deliberations of the Sixth International Forum on Asian Perspectives held in Paris in July.

'A fresh look needs to be taken at streamlining and rationalising public spending.

The report cautions that 'such measures however are not without their costs, specifically in the political field — they imply reducing the power and influence of often key social, political and economic groups.'

The legacy left over from the Asian financial crisis is the 'public assumption of private debts', say the authors, J. Edgar Campos, and David Green, two senior ADB economists.

Over the long term, the collapse of the financial sector

will act as a constraint on public finance, since private sector debts have become public sector liabilities.

The figures speak for themselves. Take as an example South Korea. Bailed out in December 1997 by an unprecedented international aid package worth 58.3 billion dollars, the budgetary cost of the rehabilitation of the financial system estimated at 16 per cent of Korea's GDP.

Balanced in 1997, the budget posted a deficit equivalent to four per cent of GDP in the next two years. Public debt will have tripled from 13.7 per cent of GDP in 1997 to 40.9 per cent in 2000 (according to figures from US investment bank JP Morgan).

The government has already injected almost 100 billion dollars into the banking system and still sees no light at the end of the tunnel.

To varying degrees, it is the same story in Indonesia, Thailand, the Philippines and Malaysia.

As with so many earlier studies, the report stresses the need for a better mobilisation of local and overseas financial resources for the development of the East Asia region, through the development of stronger debt markets or a greater opening up to direct foreign investment.

The work must begin with the introduction of greater transparency in the drafting and discussion of budgets. The report also notes that in Indonesia for fiscal 2000, the parliament debated the budget for the first time since the 60s.

The list of steps needed to improve the quality of public spending is long from the redefinition of the role of the government itself to reform of bureaucracy.

But as the contribution of former Pakistani finance minister Hafiz Ahmed Pacha underlines, 'while public expenditure reform remains one of the most difficult areas of reform, it may constitute the ultimate linchpin test of improved governance and promise the greatest gains to the economy and society at large.'



Tofail Ahmed, Minister for Industries, inaugurates the eighth branch of Standard Bank Limited at Kemal Ataturk Avenue, Gulshan, Dhaka, on Monday. AKM Rahmatullah, Member of Parliament, Kazi Akramuddin Ahmed, Chairman of SBL, and Shahjada Syed Nizamuddin Ahmed, Managing Director, are also seen in the picture.

— Standard Bank photo

Maan Bangladesh wins LG Otis Trophy

Star Business Report

MAAN Bangladesh Limited, the local agent of LG Otis Elevator Company of South Korea, on Wednesday held a function to celebrate the company's winning of LG Otis Trophy.

Habibur Rahman, Managing Director of MAAN Bangladesh Limited, was awarded the LG Otis Trophy for his company's excellent sales performance.

In his speech, Habibur Rahman pledged to continue the best possible customer service for LG Otis elevators and escalators for better performance of his company.

He said that the LG Otis Trophy was a big achievement for his company as it came as a recognition of its performance.

Local elites, business personalities and journalists attended the reception organised at the poolside of Dhaka Club.

Nigeria has 182 cubic feet gas, good for 450 yrs

ABUJA, Nov 16: Nigeria has more than 182 trillion cubic feet of recoverable gas reserves which are expected to last for 450 years, Deputy Environment Minister Imeh Otupido said, says AP.

An official statement issued here Wednesday quoted Otupido as saying in Vienna at an energy conference that the quantity of gas reserves in the country was twice as great as Nigeria's considerable crude oil reserves.

However, the minister told the conference that only 23 trillion cubic feet, or 12 per cent of the gas reserves, has so far been produced, said the statement from his ministry.

Otupido said studies had revealed that the nation has as estimated and additional undiscovered gas potential of about 100 trillion cubic feet of gas, making Nigeria one of the world's leading gas producers.

The government was making efforts to re-channel these flared and largely untapped resources to several areas of usage, the statement said.

Priorities were also being given to sourcing alternative energy from coal as the country is estimated to harbour about two billion tonnes of coal.

Coal is available in 13 of the nation's 36 states, the statement said.

Japan's sustained recovery rests on more deregulation

GENEVA, Nov 16: A sustained economic recovery in Japan will only happen if the country takes major steps to deregulate and open its markets to foreign competition, according to a World Trade Organisation study released Thursday, says AP.

The review of Japan's trade policies pointed to heavy protection for domestic producers in the agricultural sector, a telecommunications monopoly and the fragility of the financial system.

These issues leave an 'unclear picture' of how strong the recovery is and how long it will last.

Japan was badly hit by the Asian economic crisis of 1998, but it is slowly recovering, the report said. However, it said there were signs of 'reform fatigue' within Japan.

'With economic prospects seemingly brighter, there is perhaps the danger that Japan may waver in its resolve to continue to pursue structural reforms, thereby jeopardising a sustained recovery,' said the report, prepared by WTO experts.

400MT of onion remains unloaded at Benapole

Row over import duty

JESSORE, Nov 16: Some 400 metric tonnes of imported onion remains unloaded at Benapole land port here since Saturday following a row over import tax, says UNB.

The government has reduced the import duty on onion to 5 per cent from 25 per cent on Nov 10 ahead of Ramadan. But officials at the land port were still charging 25 per cent import tax, saying that they have not yet received the government order.

Experts said that the government tariff reduction on onion could not yet make any positive impact on the market as onion price continues to show an upward spiral.

A visit to a local market by the UNB correspondent showed that onion was now selling at Tk 25 per kg against its earlier price of Tk 14.

An importer, who refused to be identified, said, 'We have imported increased amount of onion after the government

announced that it would allow import of the item at reduced tariff up to Dec 31, 2000. But the customs officials are not cooperating with us.'

Meanwhile, the importers have applied to the National Board of Revenue (NBR) to settle the tariff dispute.

In response to a query, a senior official of the land port said, 'the government announcement cannot be implemented as they have not yet received any written order in this connection.'

When contacted a senior NBR official said the government announcement came into effect on Nov 10 and written orders in this regard were sent to the concerned offices on the same day.

He suggested the concerned officials to collect the order from NBR to make sure that the onion importers were not being deprived of the tariff reduction benefit.

Lanka aims to plug foreign aid wastage

COLOMBO, Nov 16: Sri Lankan President Chandrika Kumaratunga has vowed tough action against ministers and officials who fail to meet targets given to them, saying foreign aid had been wasted due to bureaucratic delays, says AP.

Kumaratunga's office said today she had met with a group of ministers and senior civil servants to urge them to work with dedication and commitment to fully exploit the foreign financial assistance received by the country.

Main development projects in the future will have a foreign aid component of over 60 per cent, the President said at her meeting Wednesday, and underlined the need for greater efficiency.

'You must get rid of the practice of offering excuses and instead focus on taking collective decisions and achieving set targets,' the President said, adding she would be vigilant about those who fail and take tough action.

Jiang warns against hidden globalisation dangers

BANDAR SERI BEGAWAN, Nov 16: China's President Jiang Zemin today warned 20 other leaders of Pacific-rim nations to beware of the hidden dangers of globalisation — from greater wealth disparities to cultural imperialism, says AP.

Jiang, speaking during the closed-door Asia Pacific Economic Cooperation (APEC) summit, said recent developments have further exposed the risks arising as economies become ever closer.

'We should not lose sight of the hidden worries facing the global economic development,' he said according to the text of his speech.

'The unstable capital and foreign exchange markets and international oil price hike have added to the adverse factors against economic growth.'

Jiang admitted there were

also elements in the Chinese leadership concerned that an influx of foreign investment would mean an influx of liberal western — and in particular American — values.

In a high-profile attempt to stem cultural influence from abroad, the Chinese government has imposed draconian rules on foreign investment in Internet content.

China is on the point of experiencing globalization in a big way, as its entry into the World Trade Organization (WTO) — expected late this year or early next — will pry its doors open to companies from around the world.

On the sidelines of APEC, Chinese and Mexican officials have been locked in tense negotiations this week over Beijing's WTO entry.

A bilateral agreement with

Mexico is one of the last remaining obstacles to China's accession to the global trade body after a 14-year struggle.

Jiang warned APEC leaders that while globalization brings greater risks to all countries, the poorer members of the world community are particularly exposed.

'Disadvantaged developing countries face new challenges to their economic sovereignty and economic security.'

Some countries, he said, react to globalization by raising barriers to foreign trade, while others seek to harness it to their own agendas.

'There are a few countries that have tried to force their own values, economic regime and social system on other countries by taking advantage of economic globalization.'

Gitex Dubai 2000-a virtual extravaganza

By Rizwan Bin Faruq

Gitex-2000 was inaugurated at the Dubai World Trade Centre (DWTC) last month with an exhibitor line-up of more than 500 companies. This event marked the coming of age of Dubai as an international IT exposition centre. There were nearly 15,000 visitors from 71 countries. Visitors from five continents (North America, Asia, Europe, Australia and Africa) attended the Middle East's biggest and most important IT event. Gitex 2000 featured 10 international pavilions including Lebanon, Egypt, Taiwan, Hong Kong, Singapore, Ireland, the UK, Syria, Canada and France.

More than 73 thousand trade visitors attended Gitex Dubai which played host to numerous IT product launches to Middle East markets and an overwhelming number of major announcements about new developments in the Middle East's information technology and communications markets. Exhibitors participating in Gitex-2000 say the strategy to split the retail component and the trade fair helped create a highly focused exhibition that attracted an

exceptional level of high-quality visitors this year, which led to solid leads and numerous deals.

On the evening of the first day of the event, the DWTC honoured ten companies, which have been long-standing supporters of the event. Among the exhibitors honoured at the event were: Al Abbas Trading Company, Al Yousuf IT Group of Companies, Alls Technologies Inc., Alpha Data LLC, Emirates Computers, Hewlett Packard, IBM World Trade Corporation, ITC Information Technology LLC, MidEast Data Systems and Seven Seas Computers.

The exhibition has helped transform Dubai into a regional hub for information technology. It has also created a strong platform for local and regional companies to interact and partner with leading global technology innovators.

Emirates Computers finalised deals worth AED 36 million with UAE clients during Gitex-2000 including a major systems integration project worth AED 17 million.

In addition, the newest pan-Arab community portal, the

ArabWideWeb, which was launched during Gitex-2000 by a group of leading Middle East publishers, confirmed that it negotiated deals and developed partnerships with organisations in Lebanon, Egypt and Syria to provide English and Arabic content for the site.

Oracle OpenWorld closed two deals with organisations outside the UAE, worth AED 6 million, during Gitex-2000.

And while not all exhibitors may have signed deals during the event, the majority of exhibitors surveyed during the event said Gitex-2000 was unquestionably a major success and provided their organisation with a healthy dose of exposure to important prospective clients. IT entrepreneurs from Bangladesh can target the entire middle-east market by participating in this annual event.

International pavilions at the event, also reported receiving excellent exposure through Gitex-2000. France, which made its debut at Gitex-2000, said it will be back in 2001 with a greater presence.

An exhibitor at the Lebanese

Pavilion said Gitex-2000 provided a great opportunity for all the Lebanese representatives to make inroads in the Gulf region.

Among the companies to confirm deals during the event were Cosmos Software, Dabagh IT, FalconStream, Galaxy International Group, Fast Channel Co of Taiwan, Horizon Interactive of Egypt, Postech Corp, PC-PoS Arabia Incorporated, Hitachi, Micro 2000, Chaintech Co, Barco, Panasonic, Harf, Emirates Explorer, Bull M.E. and many more.

The launch of the first phase of Dubai Internet City, which has issued licences to 194 leading technology companies was also held in conjunction with Gitex-2000, just one year after the concept was launched. Numerous Gitex exhibitors will be housed in Dubai Internet City, including Microsoft, Oracle, Compaq, Arabia Online, Computer Associates, Symbol Technologies and others.

The writer is the Executive Director of Axiom Technologies Ltd (Master Business Partner of Axiom Bangladesh Ltd) and is currently in USA to attend COMDEX Fall 2000.

Economists expect ECB to keep interest rate unchanged

FRANKFURT, Nov 16: The European Central Bank is carefully weighing its next interest rate move against a regional economy threatened by recent signs of a downturn and an embattled euro buoyed only by the constant threat of intervention and election gridlock in the United States, says AP.

Economists say another rate hike could help bolster the euro and dampen an inflation rate that has already burst predictions, but they warn that boosting the cost of borrowing might unnecessarily burden the region's businesses, which are struggling to match US levels of economic growth.

On balance, though, economists mostly expected the central bank, which manages monetary policy in the 11 countries using the European Union's common currency, to keep its benchmark interest rate unchanged at 4.75 per cent Thursday when its board of governors was to meet.

'It's becoming increasingly clear from the ECB council members that they feel quite comfortable with the rate where

it is,' said Thorsten Pollert, chief euro economist with Barclays Capital in Frankfurt.

The ECB last hiked interest rates Nov 5, when it surprised markets by increasing interest rates for the sixth time this year. ECB President Wim Duisenberg called it an anti-inflation move and warned that stubbornly high oil prices and a weak currency could spill over into higher prices at the corner store.

Inflation in the region peaked at a six-year high of 2.8 per cent in September, well above the ECB's target of 2 per cent. And Duisenberg said earlier this month it will take longer than the expected three to four months for inflation to fall back to the desired level.

In the meantime, the euro bottomed out at an all-time low under 83 cents to the dollar just three weeks ago, and the ECB entered uncharted territory four times by wading into the currency market alone to buy euros and keep the currency buttressed, the last intervention coming just last week.

That has taken the euro largely out of the equation in Thursday's rate hike decision, economist say. The euro hovered around the 86 cent level Wednesday. Traders feared the ECB might intervene against and were wary about buying or selling big amounts before the US presidential election was decided.

'One striking argument against a rate increase is that the ECB does not know what will happen to the euro before results of the US election are known,' said Michael Schubert, an economist with Commerzbank. 'Some fear a further downward trend if Bush is elected, so they may want to see the ECB stick to the current rate in the meantime.'

Some economists say a victory in the presidential vote for George W. Bush is seen as worse for the euro than an Al Gore win. Bush is calling for a huge tax cuts that could trigger another US economic expansion. Meanwhile, economists say new signs of a slowing European economy should be a warning against raising rates any time soon.