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# Star BUSINESS

DHAKA SATURDAY FEBRUARY 24, 2001

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## Asianet Ltd made GSA of Oberoi Grand hotel

**STAFF BUSINESS REPORT**

The Oberoi Grand hotel of India has appointed Asianet Limited as its general sales agent (GSA) in Bangladesh.

Ranvir Bhandari, General Manager of the Calcutta-based Oberoi Grand hotel, announced this at a function at the Samar-kand restaurant in the city on Thursday evening.

Earlier on the day, Bhandari and Asif Moyeen of Asianet Ltd signed an agreement in this regard.

Under the agreement, Asianet will arrange all reservations and bookings in Dhaka for the Oberoi hotels in India and five other countries.

The Oberoi Group, founded in 1934, owns and manages 32 luxury and first class international hotels in six countries and plans to expand its chain in three more countries. The activities of the group include airline catering, management of restaurants and airport bars, delicatessen products, travel and tour services, car rentals, project management and corporate air charters.

The Oberoi hotels are members of The Leading Hotels of the World, a select association of international luxury hotels chosen for their extraordinary standards of guest comfort and services.

Asianet Ltd owns the Samar-kand restaurant in Gulshan in the city and operates various other businesses.

## Alleged hacker of WEF computer nabbed

**AFP, Geneva**

An alleged hacker into the computer used by the World Economic Forum at Davos in Switzerland has been arrested in Geneva following detective work by two police specialists, the news agency ATIS said Friday.

A male suspect resident in Geneva, whose identity was not immediately disclosed, had been held on the basis of strong evidence, according to informed sources quoted by ATIS.

Former US president Bill Clinton, who attended the annual World Economic Forum (WEF) last year, was on the list of people whose personal information was compromised. Others included Palestinian leader Yasser Arafat, Bill Gates of Microsoft and French industrialist Bernard Arnault.

The Geneva state attorney's department had earlier launched an inquiry into the theft of confidential data of international political and business figures attending the forum, including their credit card numbers.

The hackers sent a computer disk containing information such as credit card numbers, cell phone numbers and private addresses to the Sonntagszeitung newspaper, which confirmed the accuracy of the data with some of the people concerned.

## Malaysian ringgit debate rages, peg stays

**REUTERS, Kuala Lumpur**

Fresh debate raged today over whether Malaysia should repeg its currency but economists say one thing is certain - nothing will change for now.

The central Bank Negara on Thursday moved to cool speculation of an imminent adjustment and said the ringgit - pegged at 3.80 to the dollar since 1998 - was not misaligned.

That did not stop the speculation, which after the question of when long-serving Prime Minister Mahathir Mohamad will quit, is the biggest risk factor in the market for foreign fund managers.

Proponents of a devaluation theory say the peg should move to 4.00 or 4.20 to reflect weaker regional units and keep Malaysia's exports competitive.

"We believe the risk is now tilted to the re-peg of the ringgit," a Merrill Lynch economist said, adding a weak yen could force a ringgit devaluation.

Rating agency Standard & Poor's on Friday cut Japan's credit rating citing "diminished fiscal flexibility, rising debt levels and its protracted approach to structural reform".

**To repeg or not to repeg?**

The rating cut and Japan's political crisis, with pressure building on Prime Minister Yoshiro Mori could spark a yen fall, Tokyo dealer said.

Merrill put the ringgit at 4.0 to the dollar by end 2001.

# Country sees turnaround in forex reserves

### Central Bank pushes figure to \$1.5 billion

**UNB, Dhaka**

Country's foreign exchange reserves appear to have overcome its vulnerability as it rose above US\$1.5 billion mark last week following some rescue measures.

The reserves dropped close to 1.2 billion last November when the central bank suffered pressures from some routine overseas payments and import bills.

Bangladesh Bank's vigorous campaigns to curb hundi transaction and encourage remittance through banking channel, steps to discourage less-important imports and ensure maximum repatriation of export money are among the reasons that helped the turnaround, officials said.

Although the reserve position still is lower than three months' import bill, "it's relatively comfortable compared to the previous position," central bank officials said.

The foreign currency coffers slumped to record low in November last year and took an upturn from December. The reserves amounted to US\$1.349 on December 7.

Facing tremendous pressures from a poor balance of payments, the central bank took up frantic bailout measures to prop up the reserve.

First of all, it initiated a crusade against hundi transactions

through banks two years back and slapped a ceiling on bank endorsements of passports.

Procedures have been simplified and campaigns initiated to encourage NRBs to remit their money through official channel.

Instead of a fixed rate of purchase of dollars, it started buying dollars from dealer banks at negotiated rates within a limit. The system encouraged banks to sell dollars to the central bank and reduced flight of dollars into the market from banks.

Detecting a sizeable gap between export figures compiled by the central bank and those by the Export Promotion Bureau, the Bangladesh Bank alerted the

commercial banks that huge export money was not duly repatriated to the country.

Finance Minister Shah AMS Kibria himself had blamed such drain of forex on the evasive means of under-invoicing and over-invoicing in external trade.

Besides, the central bank clamped a 50 per cent LC margin on commercial imports intended to discourage import of consumer items and reduce outflow of the foreign exchange.

"All those steps and strengthened monitoring and follow-up by the central banks worked behind continued growth of the reserves," one central bank official said explaining the recovery.

# India sees gloomy picture of economic situation

### Continued slowdown in growth rate likely next FY

**XINHUA, New Delhi**

The Indian government has painted a gloomy picture for the economic situation in the country and warned of a continued slowdown in growth rate in the coming fiscal year, which will begin on April 1 this year.

Real growth rate of gross domestic product (GDP) in the year 2000-01, which comes to the end on the last day of March, is estimated at 6 per cent instead of 6.2 per cent as announced earlier by the Reserve Bank of India, the central bank of the country, according to Economic Survey 2000-2001 published Friday by the Ministry of Finance.

India had the destination of being one of the fastest growing economies in the world, though the GDP growth rate is 0.6 less than what had been achieved in the previous year, Finance Minister Yashwant Sinha said while presenting the survey at the ongoing parliament session.

The minister blamed poor performances in agriculture, industry and service for the slowdown and urged the government to cut fiscal deficit and hasten reforms.

Growth rate of the service sector declined to 8.3 per cent in the current financial year from 9.6 per cent in the previous year while "prospects of agricultural production in 2000-01 are not considered to be bright" due to relatively unfavorable distribution of rainfall over time and regions, said the survey.

Foodgrain production was expected to decline from the record level of 208.9 million tons in 1999-2000 to 199 million tons in 2000-01, which, in turn, was expected to lead to a slowdown in the overall agricultural output in the current year.

Saying that expenditure management was a major plank of reforms, the economic report asked the government to move out of production and concentrate solely on provision of public goods

by privatizing public units producing private goods.

Voicing concern over the increasing trend of inflation hovering around 8 per cent, the report warned that administered interest rates on pension and provident funds remained invariant with

inflation due to high real interest rates on government debt.

On the positive sides, exports had improved significantly, registering a growth of around 20 per cent while foreign exchange reserves accumulated to 41.1 billion US dollars till January this year.



Shown is Sendo International's Z100 multimedia smartphone at a news conference during the GSM World Congress in Cannes, France, Wednesday. The Z100 phone features a colour screen and runs on the Microsoft smartphone platform. The phone also features Microsoft's Mobile Explorer for the Internet, Mobile Outlook, a Windows Media player and USB connectivity. The phone will be on the market in the autumn of 2001.

# Firm internal growth Nestlé raises net profit by 22pc

**AFP, Vevey, Switzerland**

The Swiss food giant Nestlé increased net profits last year by 22 percent to 5.763 billion Swiss francs (3.71 billion euros, 3.51 billion dollars) from the figure for 1999, the group said here on Friday.

Nestlé's consolidated sales rose to 81.422 billion Swiss francs from 74.660 billion, an increase of 9.1 percent over 1999, which was largely due to strong internal growth.

The group also said that real internal sales growth, defined as organic growth excluding exchange rate factors as well as acquisitions and divestitures, rose by 4.1 percent, exceeding analysts' forecasts and the food group's own target of four percent.

The rise was largely driven by growth of five percent in the fourth quarter of 2000, it said.

Divisions in all geographic areas exceeded their targets for real internal growth, but Eastern Europe, Asia and Latin America, as well as the group's pharmaceutical unit Alcon showed particularly strong growth rates, it said.

Nestlé shares rose sharply in early morning trading on the Swiss stock exchange. At 0830 GMT, Nestlé registered shares had risen 1.2 percent or 43 Swiss francs to 3,592 Swiss francs.

A Zuercher Kantonbank equities trader said Nestlé's net profit and 15.7 percent growth in earnings before interest, taxes and amortization were slightly below the banks' forecasts, while real internal growth, a key figure for Nestlé, clearly exceeded analysts' estimates.

The group's management board proposed increasing the dividend by 27.9 percent from 43 Swiss francs to 55 francs. If the decision is accepted by shareholders, it will be payable on April 11.

The chief executive officer, Peter Brabeck, said in a written statement: "The group's business strategy is delivering sustainable, capital efficient and profitable long-term growth."

# US meat seen gaining little from Britain's woes

### Sales to Asia unlikely to show much surge

**REUTERS, Singapore**

US meat sales to Asia are unlikely to rise much as a result of a mushrooming ban on British exports, a senior US meat industry official said Friday.

"I would see a very marginal impact from the development on US meat sales," Joel Haggard, vice-president for Asia-Pacific region of the US Meat Export Federation, told Reuters in a telephone interview from Hong Kong.

"Britain is anyway not a very big supplier of pork and beef and other meat products to Asia," he said. "Except in certain markets such as Hong Kong, I don't see a major gain in our market share in other Asian countries."

Australia, which competes with the US as a major meat supplier to Asia, echoed Haggard's views. Britain uncovered its first cases of

foot and mouth for 20 years on Wednesday in 28 pigs at an abattoir in southern England. The diseases can be fatal for animals but is harmless to humans.

The rest of the European Union, US, Australia, Canada, Japan, South Korea, Singapore, China, Malaysia and Thailand have all halted imports of British livestock and animal products because of the outbreak.

Haggard said there was a scope for US pork sales rising in Hong Kong as British supplies were expected to dry up.

"We might gain some market share for pork in Hong Kong. But for beef, I don't see gain as the major suppliers are US, Brazil and China," he said. "Britain is hardly in the picture."

He said Hong Kong imported 205,739 tonnes of pork offal in

2000, out of which US accounted for 38,423 tonnes and Britain about 12,786 tonnes. Netherlands is the largest supplier of pork offal to Hong Kong with a market share of about 27 per cent.

**Limited impact**  
"In Southeast Asia, both Britain and the US are very small players," Haggard said. "The impact there would also be limited. In Korea and Taiwan also, the share of British products is not very big," he added.

Foot-and-mouth is characterized by the development of blisters in the mouth and feet of cloven-footed animals such as cattle, sheep, goats and pigs. Although harmless to humans, it is fatal in animals and causes lameness and loss of appetite.

Haggard said the ban would also have limited impact in Japan.



Livestock auctioneer Tim Brassington puts up a sign at Stanfords Auctioneers in Colchester, Essex, yesterday, cancelling the market. The auctioneers cancelled their livestock sale voluntarily following the outbreak of foot-and-mouth disease in the Essex area. Agriculture officials yesterday said they believed they were closing in on the source of the disease, which threatens to cripple Britain's farming industry.

# Will US economy fall in L, U or V? HK's status as top global business centre at risk

**REUTERS, Washington**

It could be LUV. But then again it might be W or even V.

Economists are tossing around a lot of letters in their fever to predict what will happen to the shaky US economy. There are a number of different possible scenarios, each with its own alphabetic designation.

For the uninitiated, an L-shaped scenario is the bleakest of the bunch - a slide into much slower growth or even recession with the economy failing to recover noticeably for a long period. V is the best, where the economy slips sharply but then rebounds equally smartly and all's well once more.

In a U-shaped pattern, the recovery does come, but takes much longer - maybe two or three quarters.

The W has nothing to do with the famous middle initial of the current US president. Instead it's a

slide, followed by a short pickup, then another dive and, at last, by a recovery that sticks around.

Economist Richard Yamarone at Argus Research Group in New York is betting on a J, a slide followed by a steep surge.

"I think that we were actually at the bottom in December - November, December. So I'm thinking maybe a J, to the extent that the second half will be extremely strong, maybe upwards of 4 per cent (growth)," he said.

Which way, which way?

The key, as Federal Reserve Chairman Alan Greenspan and his fellow Fedsters have taken care to emphasize in recent weeks, is confidence - the confidence of consumers, businesses and investors. Confidence equals spending.

And that confidence is on shaky ground with stock markets stubbornly bearish and the new administration talking about

warning lights on the economic dashboard.

US consumer sentiment, as measured by the University of Michigan's twice-monthly barometer, crumbled again in February to its lowest level in seven years. The preliminary February consumer sentiment index slid to 87.8 - a level not seen since November 1993 - from a final January reading of 94.7.

"But investors must remember that this is going to take time (to get through the bottom of the J), the sinking feeling, it's going to take a little while," Yamarone said.

If American shoppers finally recover from the shock of skyrocketing energy bills and rediscover their affection for the mall, things could certainly look decidedly V-shaped since consumer spending drives two-thirds of economic growth.

And businesses seem to be chipping away at the inventories that piled up on their shelves

when demand fell off - another positive sign, say economists.

"Our favourite letter of the alphabet is V. That's the one we're choosing out of the alphabet soup today," said Tim O'Neill, chief economist at Bank of Montreal in Toronto. "The one that seems to be the most unlikely would be an L-shape."

With consumer spending still holding in fairly well - personal consumption rose 0.3 per cent in December, after a matching rise in November and October, and retail sales climbed 0.7 per cent in January - and energy prices off their peaks, O'Neill does not see a trigger for a prolonged slump.

What few are clear on is whether or not the United States is destined for, or actually in the throes of, a recession. A recession is strictly defined as two quarters of economic contraction, although there is a more elaborate definition that throws out even more letters - three Ds, to be exact.

**AFP, Hong Kong**

Hong Kong's status as a leading international business center will be under threat in the next few years amid concerns over maintenance of the rule of law, the Economist Intelligence Unit (EIU) said Thursday.

The EIU report said Hong Kong and Malaysia were the only countries among 60 ranked which were expected to have worse business environments in 2001-05 than in the previous five years, with Hong Kong's decline due to concerns about the maintenance of the rule of law arising from Beijing's interference in the territory.

The rankings, carried out every five years, place Hong Kong 12th, behind Singapore, in 2001-2005, from third in 1996-2000.

The decline in Hong Kong's business environment score for 2001-05 reflects the assumption that Hong Kong's political environment, labour market and poli-

cy towards private enterprise will deteriorate over the next five years as links with China become stronger, EIU said.

EIU also cited the declining pool of workers who are fluent in English.

Ken Davies, EIU Asia's chief economist and bureau chief, said Hong Kong's role would not change after China's accession to the World Trade Organisation (WTO).

With Hong Kong's excellent infrastructure, low taxes and all its advantages it will be the best place to do business in China," said Davies.

However, he added "we expect some deterioration in business operating conditions as a result of the undermining of the rule of law" both from people in Hong Kong and as a result of increasing challenges from the central government in Beijing.

change the Hong Kong government's policy of freedom of opinion, freedom of expression" as an example, a reference to China's recent pressure on the government here to ban Falungong activities in the territory.

There would be other challenges, "But I don't think we should exaggerate them because the rule of law here still bears no comparison with the situation in China where there really is no rule of law," Davies added.

However, the Hong Kong government and chambers of commerce immediately rejected the report.

Chief Executive Tung Chee-hwa, speaking at a General Chamber of Commerce conference, pointed out that Hong Kong had attracted some "23 billion dollars of FDI" - the second highest in Asia behind China" in 1999.

"I would think that these numbers speak for themselves," Cable Television showed Tung saying.