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China-bound investment of Taiwan up 21pc

AFP, Taipei

Taiwan's China-bound investment increased 21.29 per cent in the two months to February, as more small- and medium-sized businesses moved their operations to the mainland, the investment commission said Saturday.

In the two-month period, China-bound investment rose to 443 million US dollars led by electronics and electronics manufacturers, as well as paper and printing.

The commission attributed the increase to a growing number of small- and medium-size companies moving or expanding their operations in China.

China-bound investment has been booming since Taipei allowed civil exchanges between the two rivals in 1987, and has totalled some 70 billion dollars, according to the central bank.

Taiwanese businesses have to obtain approval from the commission to legally invest in the mainland.

Meanwhile, foreign investment soared 40.98 per cent year-on-year to 934 million dollars in the two months largely on the retail, electronics, and insurance and finance sectors, it said.

ADB willing to lend \$1.2b annually to Indonesia

AP, Manila

The Asian Development Bank said Saturday it is willing to extend annual loans of between \$ 600 million to \$ 1.2 billion to Indonesia on condition progress is made in economic and political reforms. In Indonesia will obtain the higher end of the credit range if it takes appropriate measures to improve macroeconomic stability, reduce poverty and improve implementation of ADB projects, the bank said.

It should also move effectively to give local governments real decision-making capability, the bank said.

Jan van Heeswijk, head of the Manila-based bank's mission in Indonesia, said the ADB would be "flexible and responsive" to political and economic changes in the country and support policy reforms over the next three years.

"However, without improved governance, ADB's programmes will not have a sustainable impact on poverty," he said.

Indonesia was among the hardest hit by the Asian financial crisis in 1997 when about 15 million Indonesians fell below the poverty line, the bank said.

Mamun Rashid wins Atish Dipankar Award



Mamun Rashid, an eminent banker in the country, has been awarded Atish Dipankar Award for his contribution to Bangladesh's banking sector.

The award was given by the Atish Dipankar Gobeshana Parishad (ADGP), says a press release.

The Parishad also nominated 14 prominent persons for the award for their valuable contribution in different fields of development in the country.

During his last 16 years in banking, Mamun represented the country's banking sector in various international forums and contributed various articles on banking and finance in various journals at home and abroad.

He regularly lectures at BIBM, IBA and other leading institutions. He holds a Masters in Economics as well as a Masters in Business Administration. He is the vice president of Bangladesh MBA Association and a member of Bangladesh Economic Association as well as British Alumni Association in Bangladesh.

Deal struck with Stevedores Assoc Labourers' last-minute pay demand delays work resumption at Ctg Port

STAFF CORRESPONDENT, Chittagong

Despite a decision to resume cargo handling at the Chittagong Port from 8 pm last night to end the wildcat strike launched by dock labourers, the situation remained uncertain as the workers demanded payment for Friday night, although they did not work on the night and rather went work stoppage.

However, gang-booking was made last night and the port authorities were continuing discussions with the workers since

filing this report at 9 pm last night.

Chairman of Chittagong Port Commodore Golam Rabbani told The Daily Star that the decision was taken after the leaders of Bangladesh Master Stevedores Association (BMSA) reached an understanding with the port authorities at a meeting held yesterday afternoon.

The two-hour meeting till 6 pm between the port authorities and BMSA leaders was held at the port office against the backdrop of the stalemate caused by the wildcat strike, port sources said.

The dock workers, backed by BMSA, started the strike at 8 pm on Friday protesting the case filed under PSA against the chairman of BMSA by a stevedoring firm, port sources said.

While talking to this correspondent, BMSA Chairman Monjurul Alam said that his association had suspended the stevedoring firm for violating the norms in cargo-handling contracts.

"As a result, the angry owner of the stevedoring firm filed a case against me and the dock workers declined to attend their works,

which eventually led to the deadlock," the BMSA chairman said.

"But we don't have any hand in the strike... the labourers did it on their own to protest filing of the case," he added.

Meanwhile, the port officials said that the strike was started by the workers backed by BMSA.

However, 15 cargo vessels fell stranded during the strike period as loading and unloading works were suspended, port sources said, adding that delivery of goods to and from the port continued as usual.

Slow trade reforms, taka appreciation eroding country's competitive edge

World Bank says in CAS report

STAR BUSINESS REPORT

Slow trade reforms and appreciation of the exchange rate has undermined Bangladesh's fundamental competitive advantage in labour intensive manufacturing sector, deterred foreign investment and private sector growth especially in the past two years, says a World Bank document.

The multilateral donor agency also blamed poor governance, heavy taxation, inadequate infrastructure and social and political instability for raising the costs of doing business to a 'very high level'. It also pointed limited access to financing for the slow growth of the private sector blaming weak commercial banking system and underdeveloped capital market.

"As a result, private sector growth has slowed in the past two

years, as shown by an average manufacturing growth of below 5 per cent," the World Bank said in its Bangladesh Country Assistance Strategy (CAS) for 2001-04 period.

Despite the government's high emphasis on the private sector's role for growth, the Bank alleged that the government has done very few things for the private sector to flourish. "It (government) has taken few concrete steps to lower the costs of doing business, strengthen the financial system and complete the trade policy reforms. State-owned enterprises continue to dominate key markets, including gas production, power and telecommunication," the Bank's document said.

However, the World Bank acknowledged that structural and trade reforms in the 1990s had a positive impact on the private sector development, especially on

the export and manufacturing sectors and on foreign direct investment (FDI).

"Private investment as a percentage of GDP increased from 9.8 per cent in 1990 to 15.5 per cent in 1999. Net FDI increased from US\$ 14 million in 1990 to US\$ 192 million in 1999, mainly in power generation and natural gas production," the multilateral donor agency said. It also termed the manufacturing sector's annual growth rate of 7.7 per cent and 22 per cent export growth during 1990-98 as "impressive".

Despite these achievements in the private sector, the bank said the private sector is still dominated by a few sectors and the older generation of entrepreneurs still tick to the mentality of privilege-seeking. But the new generation entrepreneurs, both domestic and foreign, view government

intervention as a hindrance rather than a help.

"Although a modern, outward-looking group of entrepreneurs has begun to emerge in Bangladesh, the privilege-seeking characteristics of the older industrial sector persists," the World Bank document said, adding that the older domestic enterprises that depend on government intervention, protected market and defaulted loans from the public banks stand to lose from privatisation.

The World Bank also said that IFC (International Finance Corporation), the bank's private sector lending window, had limited success in supporting the country's private sector. "Many investment opportunities, particularly in power, gas and financial sectors have not been realised due to the poor policy environment.



Dr. Atiur Rahman, Chairman of the Board of Directors of Janata Bank, speaks at the inauguration of the Ghorra Prokhalpa, a microcredit scheme of the bank, at Ghoradhap in Jamalpur on Thursday. Local MP Rezaul Karim Hira, bank Director Khurshed Alam, DMD Md SI Bhuiyan, GM Md Nurul Islam Mollah and M Farid Uddin were also present.

Pakistan world's fifth riskiest economy

The Economist survey reveals

INTERNET, San Francisco

Despite efforts by Pakistan's military government to boost its sagging economy, a recent survey shows that the country continues to be rated as one of the riskiest economies in the world.

In its latest quarterly survey, The Economist classified Pakistan behind Iraq, Myanmar, Kenya and Indonesia as one of the most unpredictable places in which to invest.

The survey assesses the risks of investing in 100 countries. The Economist Intelligence Unit's criteria include a country's political structure, economic policies, sovereign data risk and the state of banking system.

The magazine publishes its findings every four months. Besides the political instability in Pakistan, reports of a possible change in the banking law also adds to the risks involved in investing in the country.

The Sharia bench, the country's highest religious court, last year advised Pakistan's military rulers to ban usury as it is against the Islamic faith.

Many investors were burned in 1998 when former Prime Minister Nawaz Sharif's government decided to freeze all foreign exchange accounts after tit-for-tat nuclear tests by India and Pakistan.

Religious infighting and sectarian clashes also tar Pakistan's image abroad, making it unattractive to the investors. Reports in the international media often predict that Pakistan could end up a system similar to its Taliban-ruled neighbor, Afghanistan, if fanaticism was not checked soon.

Although Pakistan has repeatedly assured investors that their investment would be safe, past experience and Pakistan's fragile economy shies them away.

Japan's labour lawsuits hit record high

AFP, Tokyo

The number of labour dispute lawsuits filed in Japan last year totalled a record 2,063 cases, the Supreme Court said in a report Saturday.

The total represented a 3.2-fold increase from the year 1990 when 647 labour dispute cases were filed at a time when the Japanese economy was starting to slow down after the "bubble economy" investment boom, the report said.

Disputes over layoffs and unpaid wages went up markedly last year, reflecting the country's prolonged economic slump which has forced companies to streamline their operations, the report said.

Of the total, 410 lawsuits sought to determine the existence of labour contracts and 1,311 demanded the payment of wages and retirement benefits.

The report said that 96 per cent of the lawsuits were filed by the labour side.

It added that 2,092 labour dispute lawsuits were settled last year at the district court level, and about 80 per cent of the settlements were favorable to the labor side.

Euro stocks sink at end of black week

AFP, London

European share markets floundered at the end of a black week yesterday, dragged ever lower by weak US markets and more doom and gloom over the impact of a global downturn on corporate bottom lines.

Major European indexes tracked another grim session in New York, where the Dow Jones Industrial Average fell 1.34 per cent, while the tech-led Nasdaq index ceded another 1.9 per cent.

London's share market closed at its lowest level since December 15, 1998.

The London FTSE 100 index dropped below the 5,600-point level, down around 20 per cent from its high-water mark of December 1999, to close at 5,562.8 points, and down 2.9 per cent from the previous close.

In Frankfurt, in late trading the DAX index fell by 2.38 per cent to 5,749.49 points.

The Paris market also succumbed to the ills which sapped it earlier in the week, as the CAC 40 index closed down 1.41 per cent to 5,104.77 points.

"There are lots of cheap stocks to buy but cheap doesn't mean it's necessarily good value. You start buying when there is more momentum behind this market, and it's not there yet."

Markets and investors across the world have been caught in a vicious cycle of slowing economies and profit downgrades from major corporates suffering from the deepening economic malaise.

And as the trough continues, some economists are edging closer to predicting outright recession in the world's two largest economies - the United States and Japan.

"The risks of a recession have risen sharply in both the US and Japan in the past three months," wrote Goldman Sachs in its latest weekly research paper.

"In both cases, the recession risk... has now spiked at close to or above 50 per cent," it said, citing research based on historical trends.

More soft US data on wholesale prices and the housing market sent mixed signals to investors: the economy remains sluggish but the absence of inflationary signs clears the way for the US Federal Reserve to slash interest rates next Tuesday.

Annan urges India to help close global digital gap

AFP, Hyderabad, India

UN Secretary General Kofi Annan on Saturday urged India to join hands with other developing countries to close the digital divide between IT haves and have nots.

Annan told a meeting of business leaders in the Indian IT showcase city of Hyderabad that the information technology boom in India should be kept in perspective.

"It is not a magic formula that is going to solve all our problems by itself," said Annan, on the final

day of his three-day India visit which wraps up a South Asia tour. "Even in India, half the villages still lack a working telephone," the UN chief pointed out.

At the same time, he recognised that IT was potentially an "enormously powerful" tool.

"Imaginatively applied it can offer poor countries the chance to leapfrog some of the long and painful stages of development that other countries have had to go through."

Annan appealed to Indian IT experts to offer their expertise and

assistance to other developing nations, especially in Africa where he said many countries were laying the groundwork for a digital revolution of their own.

"We talk a lot about South-South cooperation, but practise it too little," he said.

Annan spoke of the "real danger" that the world's poor would be excluded from the knowledge-based global economy.

"The United Nations wants to harness this power for the benefit of all the world's people," he said.

Asia not taking Net security seriously: Experts

REUTERS, Singapore

Asian businesses are not taking Internet security seriously enough even as hacking into computer networks becomes easier, security experts said on Friday.

"Most organizations understand at an intellectual level that this is an important issue but perhaps do not necessarily appreciate the gravity and urgency of the situation until a major incident occurs," said Puni Rajah, vice president of consulting at research company IDC Asia-Pacific.

Rajah was speaking at a Compaq Global Services news conference to unveil its alliance with security solutions provider Internet Security Systems (ISS).

An IDC survey of 819 corporate and government organizations in the Asia-Pacific region last year found that less than a quarter had any form of security measures.

A survey by the Computer Security Institute and the U.S. Federal Bureau of Investigation shows 643 U.S. companies and government agencies reported US\$25 billion in losses in 2000 from cyber attacks as security breaches rose over the last five years.

"Because we're making more things available via the networks, vulnerability is in fact increasing," said Kim Duffy, Asia-Pacific managing director for ISS.

Novice hackers can now access a plethora of tools on the Web, with sites such as War Forge and

Rootshell offering extensive, easy-to-use hacking tools aimed at popular corporate computing platforms such as Windows NT and Unix.

"The days of having someone very clever going in to hack your Web Site have gone," Duffy said.

Defacing Web Sites is the most common cyber attack in Asia and is harmless beyond the embarrassment it causes, Duffy said.

Denial of service, where a person tries to make a Web Site inactive by overloading it with messages, is shaping up to be the region's biggest threat, he said.

The only sure defense was for organizations to educate staff and management, Rajah said.

Australian envoy visits SCCI

Robert Flynn, Australian High Commissioner in Bangladesh, made a courtesy call on the President and Directors of the Sylhet Chamber of Commerce & Industry (SCCI) in Sylhet on Thursday, says a press release.

Mohd Safwan Choudhury, President of the Chamber welcomed the guest.

During the meeting they discussed matters of bilateral trade between the two countries.

Minhaz A Chowdhury, Senior Trade Representative, made video projection of Aussie trade activities and facilities provided to the importers and exporters of both the countries.

Later, the chamber President, presented a crest to the envoy.

Salah Uddin Ali Ahmed, Senior Vice-President, Md Mohiuddin, Vice-President, directors and former President, former senior vice-president, former vice-president, director of FBCCI and members of the Sylhet Chamber were also present on the occasion.

Japanese firm shifts gas procurement away from Indonesia

AP, Tokyo

One of Japan's largest electric power companies is shifting natural gas procurement away from Indonesia after violence by separatist rebels in Aceh province disrupted production, a company spokesman said Saturday.

To offset the shortfall, Tohoku Electric Power Co. in recent days increased natural gas orders from politically secure Malaysia after Tohoku's main supplier, Indonesia's Pertamina oil company, cut off shipments due to unrest near drilling wells in Aceh, said Yasuki Yamagata.

Rebels earlier this week attacked an oil depot belonging to state-owned Pertamina in the Aceh town of Lhokseumawe, about 1,800 kilometers (1,100 miles) northwest of Jakarta. Several drums of oil were blown up but no one was injured.

The Indonesian subsidiary of Texas-based Exxon Mobil, which drills for the natural gas and supplies it to Pertamina, cut production in the province due to the fighting. Since then, Pertamina has been unable to honor its supply contracts, said Yamagata.