

'Japan can absorb IT professionals from Bangladesh'
UNB, Dhaka

Japan's software industry can absorb around 300,000 IT professionals at present, opening up a great potential for Bangladesh, a Japanese IT entrepreneur said yesterday.

He said the country also offers international software developers, including those in Bangladesh, to penetrate into its huge software market.

"IT is the only area Bangladesh can compete with other countries who are skilled in heavy industry," said Kazuo Kanayama, Chairman of KK Labros, a Japan-based IT company, at a press conference before opening a joint venture IT school in the city.

He said the Japanese government is now planning to invite Indian engineers, especially from Bangalore, to fulfil the country's shortage of manpower in the sector.

"So, many potentials exist for skilled IT professionals in Bangladesh," he said.

Local sponsors said Bangladesh Japan Information Technology (BJIT) Limited set up the IT school at Banani road No. 1 to groom IT professionals with an orientation of English and Japanese language.

Japanese language is essential for IT professionals to be placed in Japanese software firms.

The IT school would offer Bangladeshi science graduates with some preliminary idea about computer in a one-year course (1060 hours plus 300 hours language course) at a cost of Tk 49,500 to be paid in installments, they said.

Following successful completion of the course, the professionals would be provided with job at the planned software development unit in Bangladesh to be set up under the joint venture and the brilliant ones provided with placement in Japan, they said.

The entrepreneurs expect to begin the course from November 1.

Oil slump continues on possible supply upsets

REUTERS, London

World oil prices fell for a fifth straight day Friday as gloom over the global economy overtook fears of supply upsets because of escalating military tension.

Having begun the day 56 cents higher with speculative futures buying on talk of "war against terrorism," European benchmark Brent crude oil futures gave in to signals of oversupply in the physical oil markets later in the day.

Brent futures for November delivery fell 50 cents to \$25.42 per barrel.

"There is too much oil around, be it jet fuel or whatever," a trader at London's International Petroleum Exchange said.

Slumping stock markets on both sides of the Atlantic fuelled the negative sentiment.

US oil futures were hit even harder than Brent, sinking 76 cents to \$25.95 per barrel for its November light crude oil contract.

A sharp slowdown in global air traffic has stung prices for jet fuel, which have fallen even faster than crude oil. And the prospects for oil demand growth next year are being steadily revised lower as economists calculate the after-effects of the suicide air attacks on the United States last week.

Earlier, prices had shot higher after US President George Bush said that the hour for military action was near and the superpower moved heavy weaponry towards the oil-rich Gulf region.

Bush mentioned only Afghanistan in reference to regimes now considered hostile to the US for harbouring terrorist groups, but hardline conservatives pushed him to attack oil exporter Iraq, too, and remove its leader Saddam Hussein.

The military journal Jane's has reported that Israeli intelligence believed Iraq was a sponsor of the suicide attacks on New York and Washington, although Baghdad has denied any involvement.

Many investment bankers are drawing a parallel to the period around the 1990-1991 Gulf crisis, when US military conflict in the Middle East combined with an economic slowdown.

Even as demand weakened, instability in the oil-rich Gulf region drove prices up to \$40 per barrel in October 1990.

"This is only the beginning and volatility in this market is going to stay high," said Bo van Wijk of Standard Bank in London.

"If these groups want to disrupt oil supplies they could easily do so and that would lead to a very high oil price," he added.

Private EPZ move for submarine cable hangs in balance

Sept 30 deadline for okaying project nears without decision

M SHAMSUR RAHMAN

Bangladesh missed the opportunity twice before to get connected to the international fibre optic backbone, and the prospect of a private initiative also appears bleak.

"But the vendor company to lay the submarine cable has set a deadline of September 30 for all the interested parties to communicate their decisions to the vendor," said Rangunia Export Processing Zone Managing Director A Qaiyum Chowdhury.

He said unless decisions are communicated in advance, his company would not be able to participate in the project as it is not technically possible to accommodate new entrants.

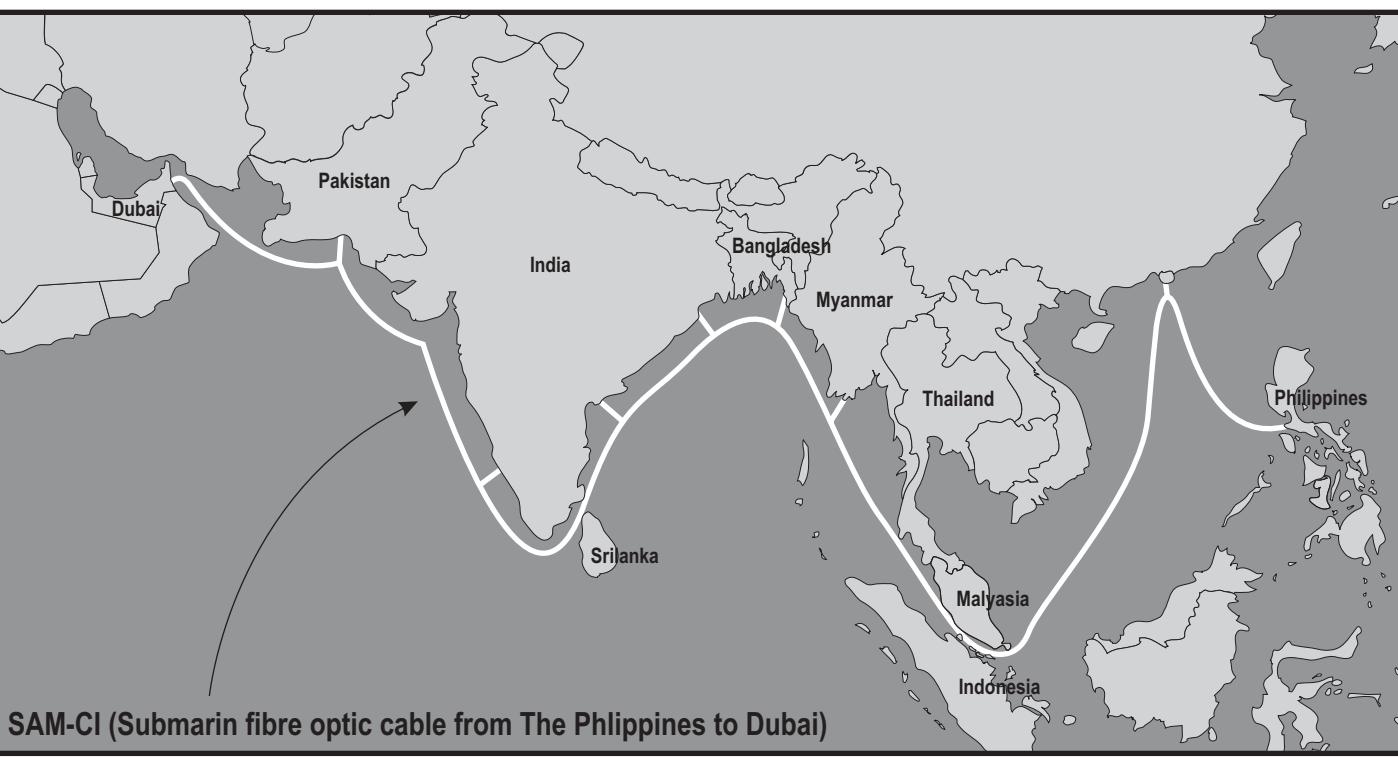
"Bangladesh could not get connected to the information superhighway during the '80s and early 90s due to similar indecision," Qaiyum Chowdhury said.

"And now, our own initiative should not be wasted," he said.

The Rangunia Export Processing Zone (REPZ) is located some 30 kilometers from the port city and has been set up with the objective to accommodate IT and agro-based industries.

Former prime minister Sheikh Hasina laid the foundation stone of the EPZ in October, 1999 with a call to both foreign and local entrepreneurs to take advantage of the

country's geographical location, and the incentives provided by the government.



SAM-Cl (Submarin fibre optic cable from The Philippines to Dubai)

call could not be materialised mainly due to lack of connectivity to the international fibre optic backbone.

Chowdhury said that a lot of

foreign direct investments (FDI) in the EPZ also depend on getting the submarine cable permission. The company to lay the cable has shown interest to relocate its pres-

ent workplace from Singapore, Hong Kong and Dubai to Rangunia once the connection is in place.

Hafizuddin questions justification of public sector banking

Rupali Bank performance comes under severe criticism

UNB, Dhaka

State-owned Rupali Bank came under severe criticism for its lacklustre performance, prompting the Finance Advisor to advise the government to review the justification of running such a losing concern any more.

"Time has come to consider whether government should continue banking in the public sector," said M Hafizuddin Khan, who quoted from the bank's souvenir to present a grim picture of this nationalised commercial bank.

The souvenir, published to mark the bank's conference of heads of the regional and corporate branches, was made available to the journalists at the inaugural session of the conference 2001 at Hotel Purbani yesterday.

However, it was enough to give the former Comptroller and Auditor General an instant overview of the bank's affairs.

The Finance Advisor said: "It shows that the overall state of this bank is not good. Rather, it appears sick."

More than 33 per cent of Rupali Bank's total outstanding credit is classified and almost half of its branches are losing concerns.

Khan said bankers are largely responsible for such a huge chunk of unrealized loan, because they are supposed to have minimum willingness to assess the capability and intention of individual borrowers.

Giving a reference to financial transaction in one's personal life, he said: "Before lending money to somebody, one is supposed to assess if the borrower would return

the money ... such assessment may be wrong in 1 or 2 per cent cases."

"But why the bankers should fail to assess properly since they are trained for it?" he wondered.

Khan, who was once a director of Rupali Bank, pointed out that although the government had initiated offloading the shares of Rupali Bank in late 80s, private share of the bank rather fell to about 4 per cent.

Government's borrowing from banks has increased due to limited earning from exports and revenue, he said adding that as a major source of non-revenue earning, banks should try to give something to the national exchequer.

Since the government owns the NCBs, responsibility goes to the government to strictly monitor their affairs, the Finance Advisor said.

"That's why the Finance Ministry itself has developed a monitoring system to keep an eye on NCBs."

Speaking on the occasion as special guest, Finance Secretary Zakir Ahmed Khan informed that a special type of monitoring of the NCBs would come into force from next month.

On the basis of regular evaluation of the monitoring reports, the government would consider to decentralise them and giving them more authority, he said.

He appreciated the self-criticising approach of Rupali Bank Managing Director Rabiu Hossain and hoped the bank would take steps to overcome the "common problems" it has already identified.

Bank Chairman Dr Mamtazuddin Ahmed and the MD also spoke on the occasion.

Dow suffers worst weekly loss since Great Depression

Global economy edges towards brink of recession

REUTERS, New York

The global economy edged towards brink of recession Friday as world financial markets shuddered under the threat of a drawn-out US-led war that could deal a blow to consumer and business confidence.

Shell-shocked investors dumped stocks and the dollar after US President George W Bush told Americans to get ready for a lengthy war against terrorism. Tensions rose further after Afghanistan rejected demands to hand over Saudi-born Osama bin Laden, whom Washington considers the prime suspect in last week's deadly attacks on US economic and military landmarks.

As the Dow Jones industrial average suffered its worst weekly loss since the Great Depression of the 1930s, economists declared the world's top economy already in recession and cut their growth forecasts. Expectations grew that the Federal Reserve and other central banks would continue to cut interest rates.

In Belgium, European Union finance officials met for the first time since last week's carnage in New York and near Washington to assess the damage the attacks would inflict on their already-slowing economies and on the rest of the world.

"The tragic events in the US have

increased the uncertainties and downside risks for global growth prospects," they said in a joint statement released after their meeting. But they added: "The EU economy maintains solid fundamentals."

Speaking on the sidelines of that meeting, Bundesbank president Ernst Welteke said top finance officials from the Group of Seven major industrialised nations would meet in Washington early next month to discuss the situation.

EU leaders, holding an emergency summit in Brussels, said "the slowdown in the world economy will be more pronounced than foreseen," but added that an unprecedented wave of global rate cuts over the past week should help support financial markets.

Investors took little notice, however, and stock markets in Europe and the United States sold off sharply. The Dow closed down 1.7 per cent, and the technology-heavy Nasdaq index shed 3.25 per cent amid fears about future corporate earnings.

Since the hijacked jetliner attacks on the World Trade Center and the Pentagon on Sept. 11, major US stock indexes have shed about 15 per cent, wiping out billions of dollars in stock market wealth that could otherwise have helped to boost an economy badly in need of stimulus.

As stocks have suffered, funds have poured into government bonds, cash and other major currencies, such as the Swiss franc, which are seen as safe havens in the event of a war.

In a Reuters poll of 25 leading Wall Street brokers, all but one said the economy was now in a recession and most of them did not expect a recovery before the first half of 2002.

Most economists expect the key fed funds rate, the benchmark for interest rates throughout the US economy, to fall to below 2.25 per cent by year-end from 3.0 per cent now.

Credit rating firm Fitch said the global economy was at its weakest in two decades and forecast world gross domestic product growth of just 1.25 per cent in 2001.

A gloomy business confidence report compiled by Germany's influential Ifo Institute added to fears that a global recession had been on its way even before the devastating attacks on the United States.

The broad western German business climate reading fell to 89.5 points in August, near a revised five-year low of 89.4 hit in June and versus expectations it would stay flat at July's 89.8 points.

Still, German Economics Minister Werner Mueller was upbeat about the world's No. 3 economy.

"We probably sold about 10 cell phones a day before. Now it's around 20," said Michelle Aiken, sales assistant for Radio Shack on New York's bustling 42nd street.

"They're buying walkie-talkies too. They want to be able to communicate with one another in case anything happens."

When two hijacked planes slammed into the World Trade Center 10 days ago, they not only destroyed the 110-storey twin towers and left more than 6,000 people missing, they also cut off phone lines across Manhattan's financial district.

Panicking people, desperate to reach relatives who may have been in the buildings when they collapsed in flames, found the office phones dead.

"My ex-wife worked on the 52nd floor. When the north tower was hit I rang but the lines were down. After an hour she rang on a mobile to say she'd just made it out of the building," recounted one New York journalist.

"Then the building collapsed. She hadn't said where she was so I didn't know if she'd been crushed underneath it. I went through hell for an hour until she managed to contact a friend who then rang me to say she was OK."

IMF satisfied with Nepal progress

AFP, Washington

The IMF on Friday expressed satisfaction with Nepal's economic progress and said the challenge for authorities now is to sustain growth and reduce poverty.

The International Monetary Fund executive board, according to a summary of its recent evaluation of the Nepalese economy, noted that overall growth in gross domestic product surged from 4.5 per cent in 1998-1999 to 6.5 per cent in 1999-2000.

Output is expected to slip back to 5.5 per cent in the 2000-2001 fiscal year in response to higher oil prices and a decline in tourism earnings.

Consumer price inflation was held to under four per cent in 2000-2001, with abundant food supplies offsetting higher energy costs.

"Macroeconomic developments in Nepal during the past two years have been broadly satisfactory, despite difficult political circumstances," IMF directors said.

They identified the main challenges facing authorities as ensuring strong growth on a sustainable basis and reducing poverty, which the IMF said is "widespread."

Nine of every 10 Nepalese live in rural areas and depend on subsistence farming.

The directors welcomed the government's reform agenda, which aims to remove structural impediments to growth, namely inadequate provision of public services, weak governance and an ineffective financial sector.

Small businesses in NY's disaster zone seek help to survive

AFP, New York

An estimated 14,000 small businesses were affected by the terror onslaught on the World Trade Center, and many of them are seeking help to survive.

"They want financial assistance and relocation," said Glynis A. Gotwald of the Empire State Development Corporation, which like other New York state agencies has been deployed to help cope with the emergency that arose after the deadly September 11 attacks.

State authorities say about 14,000 small businesses have been affected by the tragedy, while local television says 100,000 people lost their jobs.

Gotwald says she and her colleagues receive about 6,000 calls a day, some desperate, at the agency's improvised offices in the lobby of a Third Avenue building, where they deal with requests for assistance from businesses.

"Ninety per cent are small business with more or less 25 employees. Most of them are from lower Manhattan," she said. Some even had offices in the World Trade Center, the target of the airborne suicide attacks that left more than 6,300 people dead.

New Yorkers rush to buy cellphones

AFP, New York

New Yorkers are queuing up in droves to buy mobile phones, anxious to keep in touch with friends and relatives in case there is a repeat of the September 11 kamikaze attacks on the city.

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