

PM will inaugurate BATEXPO '94 May 5

By Staff Correspondent

The annual Bangladesh Apparel and Textile Exposition (BATEXPO) '94 is scheduled to begin on May 5 at Hotel Sonargaon. Prime Minister Begum Khaleda Zia will inaugurate the three-day show at 10-30 am on the day. The main objective of the exposition is to project the country's readymade garment and textile products with all its developments in variety, excellence and fashion to the overseas buyers, importers and their agents. Garment accessories, industries and other backward linkage industries will also exhibit their products during the show. Many service organisations are also likely to participate in the trade fair thereby offering the foreign buyers an excellent opportunity to select their required item of import and exchange trade information and views with the Bangladeshi manufacturers and suppliers and in cases negotiate fruitful business deals on the spot. During the last Apparel and Textile Exposition, the country received spot orders worth US\$ 5 million from the foreign buyers and business worth 26 million US dollars were also generated for the consequent

'South needs to speed up reform'

WASHINGTON, Apr 27: The World Bank Tuesday said it saw many developing countries marching to a faster economic beat in the years ahead, but warned that some risks being left behind unless they speed up their economic reforms. In a report to a Joint International Monetary Fund/World Bank Development Committee meeting Tuesday, it painted a rosy picture of the outlook for developing countries. "The international economic environment (for developing countries) could improve markedly in the coming decade," the bank said in the report obtained by Reuters. World trade is set to increase following the recent Uruguay Round agreement to open markets. Commodity prices are projected to rise

Budget limits impede EU farm talks

LUXEMBOURG, Apr 27: Budgetary constraints imposed by the European Commission on setting European Union farm prices for the 1994-95 crop year have paralyzed ministers' negotiations on those prices in Luxembourg, delegation sources said on Tuesday, reports AFP.

They said the chances of reaching agreement this week on EU farm prices for the new farm year looked very slim, and the majority of delegations consider measures suggested by Agriculture Commissioner Rene Steichen as insufficient or even unacceptable. Greece, the current EU President, wants quick agreement and was carrying out intensive consultations with the member delegations. But a suggested compromise worked out Monday night by Steichen and Greek Agriculture Minister Giorgos Moraitis got an unenthusiastic reception on Tuesday from some delegations. Discussions were made particularly difficult by numerous specific demands made by each EU delegation taking part.

Beximco offers 20pc dividend for '92-93

By Staff Correspondent

The twenty first Annual General Meeting of Bangladesh Export Import Company Ltd. was held yesterday afternoon at the Sonargaon Hotel in the city.

The meeting was presided by A S F Rahman, Chairman of the Company's Board of Directors. Salman F Rahman, Deputy Chairman and other Directors attended the meeting.

The Company declared 20 per cent dividend for the year 1992-93 and 10 per cent dividend for the six months ended on December 31, 1993, at the meeting. A large number of shareholders attended the meeting.

Bangladesh Export Import Company Ltd earned a gross profit of Tk. 32.40 million for the year ending on June 30, 1993 and Tk. 26.66 million for the 6 month ending on December 31, 1993. The company earned a net profit of Tk. 15.00 million for the year ending on June 30, 1993 and Tk. 7.52 million for the 6 month ending on December 31, 1993, according to sources.

Upheavals such as the delay in implementing a self-rule accord for Palestinians in Gaza and the Jericho area of the West Bank, and a Jewish settler's massacre of some 30 Arabs in a Hebron mosque in February, have played a part in dampening the euphoria that followed the signing of a peace deal in September in Washington. But, Palestinian businessmen say the much greater obstacle is the web of Israeli regulations and restrictions that has controlled Palestinian economic growth for 27 years,

G-10 okays world monetary system

WASHINGTON, Apr 27: The leading industrial nations agreed yesterday to take a look at the role of exotic financial products and big speculators played in recent market turmoil, reports Reuters.

But in a statement issued at the semi-annual meeting of the International Monetary Fund and World Bank, the Group of Ten industrial nations gave the world's monetary system high marks for weathering the storm without breaking down. "Financial markets (have) functioned well, coping with the increased volume of transactions without creating tensions," the G-10 said.

Long-term interest rates have shot higher around the world in recent weeks and stock prices have sagged as speculators and investors have scrambled to adjust positions following moves by the US Federal Reserve to tighten credit.

Some analysts have blamed the recent global bond market plunge on fears that major nations will shy away from taking tough actions necessary to hold inflation in check as their economies turn around.

Others have pointed the finger at highly-leveraged

'hedge funds' run by high-time speculators like George Soros and increased trading of exotic financial products, known as derivatives, for the market unrest.

Hedge funds are managed accounts that put money in a wide range of investment, favouring futures markets and financial instruments that require little cash and can bet on the direction of interest rates or entire markets. The fund managers take a percentage of the profits.

The G-10 tended to dismiss the macroeconomic argument for the market volatility, saying that the outlook for inflation was favourable.

But it seemed to give some credence to concerns that speculators were causing volatility, saying that the question deserved a closer look. The Group plans to review a slew of studies on the subject at the IMF and World Bank's next meeting in Madrid, in October.

The 11-member G-10 comprises the Group of Seven — Japan, the United States, Canada, Germany, France, Britain and Italy — plus Belgium, the Netherlands, Sweden and Switzerland.

In speeches to the IMF's policy-making interim committee, policymakers from G7 nations repeated their upbeat refrain from Sunday — that the world economy is poised for faster growth without generating much, if any, inflation.

US Treasury Secretary Lloyd Bentsen said the US upturn was gaining strength. Bank of Japan Governor Yasuhiro Mieno said that his country's economy, was on the verge of a recovery. And German Finance Minister Theo Waigel saw brighter times ahead for Germany's economy.

"We have reasons for somewhat greater optimism," Bentsen said.

But he warned against complacency, and once again called on European nations to cut interest rates further and Japan to take action to spur its domestic demand and substantially cut its big trade surplus.

Besides congratulating themselves on the budding world recovery, rich nations have also heaped praise on Russia at international meetings here. But here too there were signs that some caution might be called for.

Russian Finance Minister

Sergei Dubinin told reporters that his government might have to alter its 1994 budget to accommodate parliamentary demands for increased spending. That budget is at the core of Russia's reforms and is a major reason why it won a 1.5 billion dollar loan from the IMF last week.

"Our draft budget is now at the state Duma (parliament), and we don't want to change anything dramatically," Dubinin said. "But we have to have some compromise."

Russian central bank head Viktor Geraschenko said, however, he thought measures could be taken later in the year to counteract the rise in the deficit.

Despite signs that Russia might be back-tracking on its reforms, World Bank President Lewis Preston said his organization was pressing ahead with loans to Moscow.

It expects to approve 1 billion dollar in credits for Russia over the next couple of months for the banking, oil and agriculture sectors. The Bank reckons that those investment loans have merits on their own, regardless of the overall state of Russia's economy.

KRC to be recast into profitable unit

By Staff Correspondent

The capital structure of the Karnaphuli Rayon and Chemicals (KRC) complex will be reassessed and recast for its smooth and profitable operation.

This was decided at a review meeting of the Bangladesh Chemical Industries Corporation (BCIC) with Industries Minister M Zahiruddin Khan in the chair.

The minister discussed the mode of procurement and transportation of raw jute from different parts of the country for the production of pulp and paper in the Sylhet Pulp and Paper Mills, the Karnaphuli Paper Mills, the North Bengal Paper Mills and the Khulna Newsprint Mills Ltd and directed the BCIC to devise a sound policy to ensure timely supply of raw jute to these mills.

The meeting also reviewed the situation arising out of the depreciation in the exchange rate of the Taka in relation to foreign currencies and examined possible courses of action to mitigate the adverse impact on the state-run enterprises.

The meeting was attended by the BCIC Chairman Waseq Al-Azad, the managing directors of the Karnaphuli Paper Mills, the Karnaphuli Rayon and Chemicals, the North Bengal Paper Mills, the Sylhet Pulp and Paper Mills and directors and senior officials of the BCIC.

US dollar falls, stocks rise in Tokyo

TOKYO, Apr 27: The US dollar finished lower against the yen Wednesday, while prices on the Tokyo Stock Exchange advanced moderately in thin trading, reports AP.

The dollar ended at 102.68 yen, down 0.43 yen from Tuesday's close but below its overnight New York finish at 102.85 yen.

After opening at 102.72 yen, it ranged between 102.60 yen and 102.95 yen.

On the stock market, the 225-issue Nikkei Stock Average gained 100.22 points, or 0.51 per cent, closing at 19,729.15. On Tuesday, the Nikkei fell 80.21 points, or 0.41 per cent, closing at 19,628.93.

The Tokyo Stock Price Index of all issues listed on the first section was up 3.59 points, or 0.22 per cent, to 1,601.51. The TOPIX lost 6.51 points, or 0.41 per cent, to 1,597.92 the day before.

Share prices moved in quiet trading as investors remain on the sidelines just before the start of Japan's "Golden Week" holidays Friday. Some Japanese companies will take 10-day holiday from April 29 through May 8.

An estimated 210 million shares changed hands on the first section, down from Tuesday's 238 million shares.

As of 3 pm (0600 GMT), the price of the benchmark No.157 10-year Japanese government bond was quoted at 103.57 yen, up 0.27 yen from Tuesday's close. Their yield fell by 0.040 percentage point to 3.965 per cent.



Dr Akbar Ali Khan, Chairman of the National Board of Revenue (NBR) attended as guest of honour a luncheon meeting of the Foreign Investors Chamber of Commerce and Industry (FICCI) at the Dhaka Sheraton in the city yesterday. FICCI President Mahub Jamil was also present.

Investment in West Bank, Gaza Strip — a trickle rather than a flood

RAMALLAH (West Bank), Apr 27: Seven months after the PLO and Israel decided to make peace, Palestinian and foreign investment in the occupied West Bank and Gaza Strip seems likely to be a trickle rather than a flood, reports Reuters.

A string of high-profile projects have hit the headlines but few are fully operational.

Upheavals such as the delay in implementing a self-rule accord for Palestinians in Gaza and the Jericho area of the West Bank, and a Jewish settler's massacre of some 30 Arabs in a Hebron mosque in February, have played a part in dampening the euphoria that followed the signing of a peace deal in September in Washington.

But, Palestinian businessmen say the much greater obstacle is the web of Israeli regulations and restrictions that has controlled Palestinian economic growth for 27 years,

and uncertainty about whether that web will unravel.

"Hundreds of new companies have been established but they remain on paper, we will have peace, this is inevitable. But what kind of peace is what businessmen are asking," said Samer Shehadeh, a founder of the year-old National Insurance Company.

Ibrahim Abdel-Hadim, a leading businessman in the West Bank town of Nablus, said he had just received a permit to establish an iron rod manufacturing plant after three years.

"Now I will have great difficulty in calling all the investors back and getting them interested again," he said.

"The Israeli mentality has not changed, it can lie on an official's desk for years, whether he signs it or not he doesn't care. If he signs it, he's doing you a favour," he said.

In the emerging West Bank economic hub of Ramallah, the

posh five-storey commercial bank of Palestine opened its doors this month, hoping to provide the financial apparatus that the territories sorely lack, a few yards (metres) down the road, the Bank of Jordan has also opened.

Palestinians living abroad have set up a 200 million dollars investment holding company but the group has yet to establish an office inside the territories.

Other spectacular-sounding projects like a joint venture bank between Palestinians and Israel's bank Leumi, and a conglomerate to group Israel's Koor industries with Palestinian, Moroccan and Spanish counterparts, also remain national.

The PLO-Israeli pact brought rosy visions from both sides of a new Middle-East where peace is bolstered by an economic boom.

Hundreds of Palestinian and foreign investors swarmed through the territories sniff-

ing for opportunities. PLO policy makers say the main hope for the economy is the formidable money and business skills of the Palestinian diaspora.

But Palestinians say the foreigners largely focused on projects linked to the billions of dollars of aid promised by donors to boost peace by rebuilding Palestinian infrastructure.

These are now on hold until the long-delayed implementation of self-rule — still subject to negotiation — actually begins.

A few dozen Palestinians from abroad have placed 100,000 dollar each in Israeli banks to gain residency under a new investment scheme. But one businessman living in the Arab world complains he faces stifling bureaucracy and uncertainty.

"This money is my commitment to my homeland.

Price surge in share market warrants a cautious look

Abu Ahmed Guest columnist

Share market in the recent days seemed to be too buoyant. For a long time, the whole market in general remained undervalued, investing public lost interest, and withdrew their funds. But in the last six months, the situation changed dramatically, all the goods scripts rose between two to three hundred per cent in price. Where the market will go? Many investors now fear that enough happened in the market, and now a correction is needed, otherwise they will lose at the end.

There was no one to put a brake on the price run, the free market played in its own way. In the same way there will not be any brake when prices will be falling, and then investors will feel the crunch of the share market in the real sense. What determines price of a share? In simple economics, it is demand and supply. But when a share is demanded? When it commands a value, in case of a share it means power to generate return to the holders. Return on share and stocks are closely connected with the companies' performance in business.

A share's price may go up to a level without having any relation with the relevant company's performances simply by basing on the speculation.

When investors catch up a craze in the share market, they do not look at the company's performance, they think anything they buy today will bring return tomorrow. The craze in a vacuum may last for a while, but ultimately it will evaporate. Price earning ratio is considered as a fundamental in share and stock investment. The higher the ratio is, the riskier a share becomes. But again there is no general rule as to what exactly should be this ratio in case of a particular share or group of shares. Price earning ratio or multiples are to be seen in relation to the overall economic condition of an economy, and more importantly, relating to the history and practice of payout ratio of a particular company whose share a buyer is wanting to buy. True, in Bangladesh, the average price-earning ratios in the share market are still lower than those in the neighbouring economies. But again those

economies are much better of than ours in almost every area of the economy.

Investment in financial assets should be undertaken in competition to the same in other areas of the economy. Where an investor will invest his income depends mainly on the rate of return. Share and stock market offers him one of the options only. In the world, investment in securities market is the most important one considered by the prospective investors, and the lucky and calculative investors gain much more here than in any other areas. Some of the shares in Bangladesh are being transacted at twenty or more times of the par value. This though does not present any threat straight way to the investors, but latter should adopt a caution when purchasing it.

Purchase of a share is not equivalent to the purchase of a paper that comes in the way. A frenzied mob when enters a share market they behave like that. But at the end they burn their fingers. Another guide in share purchase is the book-value of a share which represents the reserves and other

net assets of a company. A share can be traded at lower or higher price than the book value, but still price should have a relationship to the book value. In Bangladesh share market, some companies' share can be compared with trash papers — shares in name only, never paid anything to the shareholders. Investors at least should be cautious about the trash paper like shares.

The best thing for an ordinary investor is to read some books or literature which described how to evaluate a share, and when and how an investor can gain in a share market. Discussion with the friends or brokers who have knowledge about securities market can also be of some help. No expert is always right in a share market. Investors can benefit disproportionate from a share market, but the ordinary investors can not hope this. They are to depend on their experience, technical knowledge, and little bit on their luck. Share market, brings an enormous opportunity to help an investor grow rich quickly, but all is needed is knowledge and caution.

Our share market does not behave orderly. It is unstable and some times behave unpredictably. Ordinary investors should see why ups and downs are happening, who are causing them to happen. Gain in share market may not be a lasting phenomenon, a bearish trend may take all gain in the subsequent periods. Timing in share market is important. There is no rule that price for shares will go up continuously.

In 1987-88, there was a bullish trend in our share market. Then too, too many money chased too few stocks, and the price rose phenomenally. That trend did not last. Many investors lost their capital, and withdrew from the market. Unfortunately in Bangladesh, we do not have any organization which can guide or caution the investors, the individual brokers can not be any guide in the real sense. In future, we may have brokerage houses, analysts and trained people who will be able to act as guides.

Still then we are to depend on ourselves. The Securities and Exchange Commission is the only regulatory body to oversee our share market, but

it sees more in respect of regulatory aspects of share issues and less with respect to transaction. It has nothing to say about pricing of a share. Investor is to act on his own, and enjoy alone the fruits of his decision. At this moment foreigners are buying stocks from our market. But they have advantages in many other aspects which our local investors do not have. They receive block shares as placement, and can easily unload them in the market at a later time at a higher profit.

Share sale to the foreign investors on an enblock basis is not justified when our domestic investors are ready to subscribe a particular issue. Our share market needs reforms, including those in the Dhaka Stock Exchange. In the reform measure, there should be a separation of work between the investors and the brokers. At the moment brokers too are the investors, and the latter are not likely to receive a fair treatment at the hand of the former.

Share market should, therefore, receive closer attention of the authority.

Advertisement for Bangladesh Export Import Co. Ltd. 21st Annual General Meeting, 1993. Includes photo of A S F Rahman, Chairman of the Board of Directors of Beximco Ltd. presiding over the company's 21st Annual General Meeting (AGM) at the Sonargaon Hotel in the city yesterday.

BCIC Tender Notice. Bids are invited by Managing Director, Zia Fertilizer Company Ltd. Ashuganj, B'baria under Ref No. CM/ Workshop/41/94 for purchase of Round Bar etc. Earnest money should be deposited at the rate 1% (one per cent) of the offered price. Tenders will be received at Zia Fertilizer Co. Ltd, Ashuganj, B'baria & Purchase Division (16th floor), BCIC, 30-31 Dilkusha Commercial Area, Dhaka upto 11.00 am on 04-5-94 and opened immediately afterwards at both the places. Tender schedule can be purchased subject to payment of Tk 400/- (four hundred) per set (non-refundable) from Zia Fertilizer Co. Ltd., Ashuganj, B'baria; BCIC Bhaban (2nd floor), 30-31 Dilkusha Commercial Area Dhaka & BCIC Branch Office, 6 Agrabad C/A, Chittagong. No tender schedule will be sold on the date of opening tender.

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