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The Daily Star

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DHAKA WEDNESDAY, DECEMBER 20, 1995

FDI flow registers significant growth in Third World: UN report

by Rafiq Hasan

The flow of foreign direct investment (FDI) in developing countries has registered a remarkable growth, more than double, during the last five years.

The latest world investment report of the United Nations (UN) estimated that the total Foreign Direct Investment in developing countries would reach at 90 billion US dollars this year while the FDI figure of these countries in 1990 was only 35 billion dollars.

The report, which was released yesterday, was made available here through UN Information Centre, says the Foreign Direct Investment by Transnational Corporations (TNCs) now plays a major role in linking many national economies building an integrated international production system.

Transnational Corporations deploy their tangible assets — capital, research and development capacity and technology, organisation and managerial practices,

trade links — with a view to increasing their competitiveness and profitability, the UN report added.

In spite of the renewed attractiveness of the developed countries, developing countries have succeeded in attracting growing investment flows, reaching 84 billion dollars in 1994 to account for 37 per cent of world FDI inflows.

The success of the developing countries in attracting FDI lies in an investment climate characterised by growing markets and increasingly favourable regulatory frameworks coupled with the general trend for firms from all countries to invest abroad in order to remain competitive internationally, the report mentioned.

According to the report, the major flow of FDI started coming into developing countries in 1990 and has propelled these countries to become a major force in world FDI.

"A notable aspect of the increase in FDI inflows into the developing world is that, since 1990, these flows have become the largest and fastest growing single component of external finance for these countries", the report said.

Among the developing countries, China received the highest amount of FDI about 34 billion dollars in 1994 which is 40 per cent of the total outflow towards developing countries.

The country was the second largest recipient of FDI flows worldwide after United States.

The United States received the largest amount of world FDI, about 49 billion dollars in 1994. The flows to Japan remained negligible with less than 900 million dollars that year.

Out of an estimated 235 billion of world inflows in 1995, inflows to developed countries as a group are projected to be 138 billion dollars, compared to 129 billion

in 1993 and 135 billion in 1994.

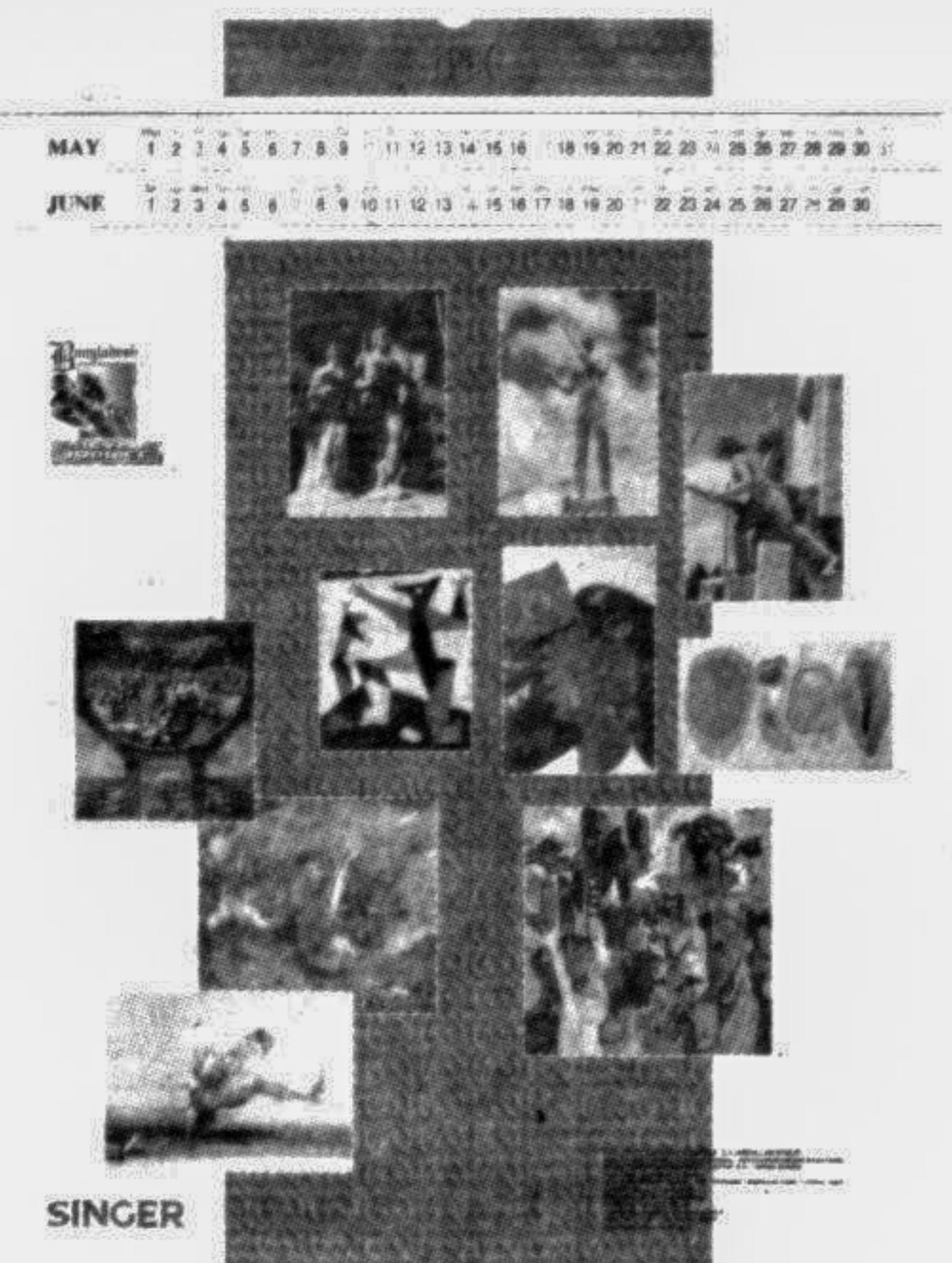
While outward FDI flows from European countries have regained their momentum, South, East and South-East Asia — the most dynamic region in the world — continues to be neglected by them as a host region. European Union firms have only some 4 per cent of their stock and about 3 per cent of their flows directed to this region.

Japanese TNCs have invested four times more in this region and United States TNCs two-to-three times more than their European Union competitors.

The report said national, regional and international agreements are paying more attention to FDI.

To liberalise the economy and receive FDI 101 legislative changes were made in 57 countries in 1993.

About 900 treaties exist in 150 countries both developed and developing in favour of FDI inflow.



Singer Bangladesh Ltd released a calendar—1996 commemorating the Silver Jubilee of Independence of Bangladesh.

Dhaka Stock Prices

At the close of trading on December 19, '95

Index up by 4 points

The Dhaka Stock Exchange All Share Price Index Tuesday continued to rise, posting a gain of 3.74 points reaching 836.99 from 833.25.

The transaction in volume rose by 53 per cent to 2.45 lakh from 1.60 lakh and the value increased by 64 per cent from Tk 2.70 cr to Tk 4.44 cr.

The market capital reached Tk 5364.69 cr from

Tk 5340.72 cr.

The leading gainer of the day was Amam Sea Food with a rise of Tk 100 per share while the losers were led by Bangladesh Lamps suffering a fall of Tk 78.36 per share.

The volume leaders of the day were: Apex Weaving (57750), Meghna Cement (50650), BOC Bangladesh (32263) and Beximco Pharma (19800).

Trading at a glance

DSE All Price Index	836.99
Market Capital Tk	5364.69 cr
Transaction in volume	245159
Transaction in Value Tk	4.43 cr
Total issues traded	94
Issues gained	41
Issues incurred losses	38
Issues unchanged	15

Company's name	Change (per share)	Number of shares traded
Al. Baraka Bank	20 (G)	20
IDLC	85.33 (G)	260
United Leasing Co	8.77 (G)	260
Investment Corp	1.00 (G)	40
1st ICB Mutual Fund	50.00 (L)	15
2nd ICB Mutual Fund	5.00 (L)	5
3rd ICB Mutual Fund	4.82 (G)	165
4th ICB Mutual Fund	00 (L)	180
5th ICB Mutual Fund	00 (L)	90
6th ICB Mutual Fund	79 (G)	420
7th ICB Mutual Fund	16 (L)	780
Aziz Pipes Ltd	2.18 (L)	210
Bengal Carbide	10.00 (L)	70
Bangladesh Lamps	78.36 (L)	184
Eastern Cables	2.30 (L)	300
Singer Bangladesh	03 (L)	195
Atlas Bangladesh	1.13 (G)	5300
Bangladesh Autocars	48 (G)	360
Quasem Drycells	66 (G)	2650
Renwick Jaineswar	00 (L)	100
National Tubes	4.54 (G)	550
Thai Aluminium	6.30 (L)	1060
BD Electricity Meter	10.00 (G)	100
Amam Sea Food	100 (G)	5
Apex Foods	18.33 (L)	75
Bengal Food	4.66 (L)	5370
B Tobacco Company	3.00 (G)	50
Gemini Sea Food	25.00 (G)	10
National Tea Co	10.00 (G)	200
Zeal Bangla Sugar	50 (L)	3800
Rupam Ltd	49 (L)	140
Beximco Fisheries	49 (L)	140
Bengal Biscuits	50 (L)	220
Meghna Shrimp	46 (G)	300
Raspiit Food	39.33 (G)	100
BOC Bangladesh	3.18 (L)	32263
Padma Oil	50 (L)	100
Shine Pukur	07 (G)	2750

Pak traders want conditional free trade with India

ISLAMABAD, Dec 19: Pakistani businessmen said yesterday they favoured free trade with India in general, but wanted protection for select industries seen as vulnerable to Indian competition.

"The Federation of Pakistan Chambers of Commerce and Industry is fully ready to have free trade with India but with a small condition that a few industries that might close down from the agreement be given protection," FPCCI President SM Muneer told Reuters by telephone from Karachi.

"The government may impose quantitative restrictions or quotas on a few items that would be hurt by Indian imports."

Pakistan has agreed to cut tariffs on 35 items under a South Asian Preferential Trade Agreement (SAFTA), signed this month by the seven-nation South Asian Association for Regional Cooperation (SAARC), which includes India.

The Commerce Ministry said last week it would not grant India Most-Favoured-Nation (MFN) status, but would allow selective imports that would not harm domestic industry.

India says Pakistan must grant it MFN status — under which two countries give each other the maximum tariff concessions they already grant to other countries — under its commitments to the World Trade Organisation.

Pakistani manufacturers fear that dropping trade barriers would make them vulnerable to an influx of cheap Indian goods, especially in areas such as engineering, where they say India is far ahead in research and has lower production costs.

Ghulam Qadir, President of the Faisalabad Foundry Owners Group, said on Sunday Pakistani engineering goods would not be able to compete against comparable Indian products.

If trade is fully free then

some of our industries might just close down and that would not be good, Muneer said.

He said Pakistan should bring down its barriers gradually to avoid incurring a trade deficit with its powerful neighbour.

In the meantime, export-oriented and industry-friendly policies should be enforced in the country, he added.

Some Pakistanis oppose trade with India before the Kashmir dispute, over which the two countries have fought two of their three wars since independence from Britain in 1947, is solved.

The federation is totally allied with the government's stand on Kashmir but we should not mix politics with trade, Muneer said.

He said free trade would reduce prices and thus help low-income groups. More than 75 per cent of people are poor and trade with India would help bring down prices, he said.

IFAD to provide \$ 10.4m loan

The International Fund for Agricultural Development (IFAD) and the Bangladesh government Monday signed a 10.4 million US dollar loan agreement to help finance the small-scale water resources development project, reports BSS.

The agreement was signed at IFAD's headquarters in Rome by HE Khurshid Hamid, ambassador of Bangladesh to Italy and Basudev Dahal, assistant president, Programme Management Department, IFAD.

According to a message received from Rome, the project, worth 66.0 million US dollars, aims at generating employment opportunities for the most vulnerable groups, increasing household incomes, food security by creating a sustainable increase in agricultural production, thus improving the quality of life in western Bangladesh where more than half the population are below the poverty line.

FAO warns '96 difficult year for grain markets

ROME, Dec 19: The world's poorer nations need a strong world cereals harvest in 1996 in what otherwise promises to be a difficult year for grain markets, the UN Food and Agriculture Organisation (FAO) said today, reports AFP.

In a report published here, the United Nations agency said that a dramatic fall in supply has depleted world stocks, and that only a bountiful 1996 cereal harvest would ease markets and prevent a further run on reserves.

Meanwhile, poorer countries will be hit hard by the rising cost of importing increasingly scarce cereals as demand continues to outstrip supply, the FAO said in its report.

"We will have to draw even more from stocks to satisfy demand despite the fact that this will be lower than projections, according

to latest estimations," the report said.

"Cereal import will be more costly and risks more serious for poorer countries with a net deficit of subsistence goods."

The report said cereal harvests in 1996 would have to grow by four per cent against 1995 levels to satisfy world demand.

Poor countries are set to receive 85 per cent of the 7.6 million tons of cereals earmarked for 1995/96 world food aid. But this aid will cover mere nine per cent of their cereal import needs.

The FAO warned in October that world stocks of basic foodstuffs had dropped sharply in recent years and that a strong increase in overall grain output will be required in 1996 to avoid problems for poorer countries.



Dhaka Sheraton Hotel recently hosted a Thai food festival. An attractive feature of the festival was a raffle draw for which Thai Airways donated return ticket for two persons to Bangkok. Picture shows District Sales Manager of Thai Hatanuzzaman handing over the ticket to lucky winner V Kellens of the Belgian embassy. The hotel's Director (PR) Rashida Muhiuddin and Director (Marketing) M H Khan are also seen in the picture.

BB Bill auction

Four bids for a total amount of Tk 25 crore were received at the 6th auction of the 90-day Treasury Bill held yesterday. All the bids were accepted, reports BSS.

Face value of the bids accepted was Tk 25 crore and the weighted average price of the bids was Tk 98.53 per Tk 100. The corresponding yield is 5.96 per cent per annum, said a Bangladesh Bank press release.

Jute cultivation facing set back in Comilla

COMILLA, Dec 19: Jute cultivation has been facing set back in the district due to lack of marketing facilities and proper patronisation, reports UNB.

The growers said in the last five years the production target could not be achieved in the 12 thanas of the district due to high prices of inputs and shortage of bank loan facilities. They said they are to sell the product in the market below cost of production.

Local Agriculture Extension Department said, the target of production was fixed at 3,79,840 bales of jute against the targeted cultivation of about 29,580 hectares of land in the last five years. But only 23,417 hectares of land were possible to bring under cultivation and the production was only 1,88,770 bales.

Strike costs France .3 to .4 pc of GDP

PARIS, Dec 19: French National Statistics Institute INSEE said it estimated costs of the first 15 days of the public transport strikes at 0.3 to 0.4 per cent of Gross Domestic Product (GDP), reports Reuter.

INSEE added not all of this would be recouped in early 1996.

An INSEE economist said that since GDP was around 1,800 billion franc per quarter on average 0.3 per cent to 0.4 per cent of GDP would represent some 5.4 billion franc to 7.2 billion franc.

Bosnia to become IMF's newest member today

WASHINGTON, Dec 19: The International Monetary Fund will formally accept Bosnia-Herzegovina as its newest member Wednesday, thus providing the war-torn republic greater access to reconstruction aid, a senior official said, reports AP.

"Becoming a member of the fund is important in order to open up membership in the World Bank and other international financial institutions," Massimo Russo, head of the organization's European department, said Monday.

The World Bank and the IMF are the biggest suppliers of economic aid to developing countries and have taken a leading role in helping former communist countries in eastern Europe. The IMF has had a permanent mission since October in Bosnia's

capital, Sarajevo, to help local authorities meet membership requirements.

The fund will provide Bosnia with 121.2 million US dollars worth of special drawing rights, Russo said. The SDR is an international currency created by the IMF to boost member countries' monetary reserves.

The sum includes 30 million US dollars from a newly created IMF programme to help countries in "post-conflict situations" to reestablish banking and administrative systems and maintain financial stability.

Bosnia qualifies for IMF membership Wednesday after it completes repayment of arrears amounting to 25.1 million US dollar by using a bridging loan from the Dutch government.

UN chief says Iraq should hold talks on limited oil sales deal

UNITED NATIONS, Dec 19: Secretary General Boutros Boutros Ghali said Iraq should at least enter into discussions on a limited oil sales deal and not turn down the proposal to sell oil for food outright, reports Reuter.

Speaking at a news conference, the Secretary General said he told Iraq officials that he would discuss it with US (so) at least we have a chance to find a solution. Your attitude is a negative one. Why did you say no why don't you stay and discuss?"

Boutros Ghali said Iraq should give negotiations on the Security Council's oil deal offer about two months.

Under Security Council resolution 986, Iraq would be allowed to sell up to 12 billion worth of oil over six months in order to buy food and other civilian goods.

The sanctions, including a ban on oil sales, were im-

posed after Iraq's 1990 invasion of Kuwait.

Boutros Ghali said the resolution could not be changed but described it as a kind of framework with certain guidelines.

How it will be implemented can be the object of the discussions, he said. We many find certain solutions which will take into consideration the point of view of the Iraqi government.

Iraq has rejected the resolution, saying the monitoring was too stringent and violated its sovereignty.

Privately Iraqi officials have objected to a large amount of the revenues designated for the Kurdish north and the fact most of the oil has to flow through the Turkish pipe line rather than its ports of Mian Al Baker, diplomats said.

They pointed out that the resolution was renewable.

Greek Deputies debate budget

ATHENS, Dec 19: Greece's parliament began to debate the socialist government's 1996 austerity budget yesterday against a backdrop of calls for the resignation of Prime Minister Andreas Papandreu, critically ill in hospital, reports Reuter.

The conservative opposition demanded a snap parliament debate to solve a leadership vacuum. Papandreu, 76, has been bedridden for a month.

The absence of a leader also criticised by many ruling party officials has engendered fears of political limbo.

"We have lacked a prime minister for a year and we lack a government, and when parliament closes for recess we will have no premier and no parliament," new democracy leader Miltiades Evert told parliament.

Papandreu who had heart bypass surgery in 1988, is surviving on life support systems for lung and kidney failure. Intercine leadership fights threaten to rip his party apart.

The budget which must secure 151 votes in the 300 seat parliament where the government has a comfortable 170 seats is likely to pass in a midnight roll call vote on Friday after the five-day debate ends.

Approved by Papandreu before his illness the budget tries to steer between deficit cuts and appeasing a hard hit public. Wage earners say it is too tight and economists too lax.

But the debate already is spotlighting unease about a cloudy political outlook and economic backsliding, jeopardising Greece's chance of merging with other European Union economies in 1999.

Although Evert's call for a debate on Saturday was rejected by other party leaders he can submit a formal request for a debate in 30 days or call for a vote of censure.

A former conservative economics minister said he would boycott the debate, citing the alleged absurdity of discussing a budget that may be scrapped if a new leader

emerges.

A debate that reflects choices made by a leadership government would contribute to a dangerous veneer of so-called normality, Stephanos Manos said in a letter to parliament.

Further disrupting the start of Monday's debate was distribution of a letter from powerful trade unions asking deputies to vote down the budget's public sector incomes policy.

This mass protest is to ask deputies to say no to the wage and pension allocation and terminate years of austerity, the one million member general confederation of Greek labour and civil servants union said.

Angry at two staggered 2.5 per cent wage rises unions have claimed hikes of 10-17 per cent.

Engineered by Finance Minister Alexandros Papadopoulos the budget imposes mild curbs on spending but steep rises in tax revenue to cut fiscal deficits and adhere to the EU plan.

DSE Shares and Debentures

Company	PV/ML (Taka)	Closing Rate (Taka)	Company	PV/ML (Taka)	Closing Rate (Taka)
BANKS (13)			Rahim Textile	100/5	110.00
Al Baraka Bank	100/5	185.00	Sauham Textile	100/10	100.00
IDLC	1000/1	1170.00	S T M (ORD)	100/5	18.00
United Leasing Co	100/5	225.00	Swan Textile	100/5	40.00
Investment Corp	100/5	100.00	Tallu Spinning	100/10	115.06
1st ICB Mutual Fund	100/20	1808.46	Tamijuddin	100/10	200.00
2nd ICB Mutual Fund	100/5	145.00	Dandy Dyeing		85.00
3rd ICB Mutual Fund	1000/1	3000.00	Sonargon Textiles		120.00
4th ICB Mutual Fund	100/5	135.19	BEXIMCO TEXTILES & CHEMICALS (23)		126.47
5th ICB Mutual Fund	100/5	90.00	ACI	10/50	126.00
6th ICB Mutual Fund	100/10	82.00	Ambee Pharma	10/50	19.00
7th ICB Mutual Fund	100/5	95.00	Bangla Process	100/5	70.00
Aziz Pipes Ltd	100/20	640.77	BCIL	100/10	286.43
Bengal Carbide	100/5	145.00	N Polychem	100/10	599.74
Bangladesh Lamps	100/5	78.36	Beximco Infusion	100/10	435.00
Eastern Cables	100/5	2.30	Beximco Pharma	10/50	89.23
Singer Bangladesh	100/5	03.00	B Synthetic	100/20	176.01
Atlas Bangladesh	100/5	1.13	Libra Pharma	100/20	360.00
Bangladesh Autocars	100/5	48.00	Glaxo	10/50	122.64
Quasem Drycells	100/5	66.00	ibn Sina	100/10	120.00
Renwick Jaineswar	100/5	00.00	Rohinoor Chemical	100/5	151.00
National Tubes	100/5	4.54	N Polyester	100/10	599.74
Thai Aluminium	100/5	6.30	Petro Synthetic	10/50	13.07
BD Electricity Meter	100/5	10.00	Orion Infusion	100/200	140.95
Amam Sea Food	100/5	100.00	Pharma Aids	100/5	184.00
Apex Foods	100/5	18.33	Pharmaco	100/5	122.00
Bengal Food	100/5	4.66	Progressive Plastic	100/5	22.00
B Tobacco Company	100/5	3.00	Reckitt & Colman	10/50	175.00
Gemini Sea Food	100/5	25.00	Rahman Chemicals	100/10	50.00
National Tea Co	100/5	10.00	Renata Ltd	100/5	790.00
Zeal Bangla Sugar	100/5	50.00	Squire Pharma	100/20	836.18
Rupam Ltd	100/5	49.00	Therapeutics	100/5	110.00
Beximco Fisheries	100/5	49.00	Wata Chemical	100/20	330.00
Bengal Biscuits	100/5	50.00			
Meghna Shrimp	100/5	46.00			
Raspiit Food	100/5	39.33			
BOC Bangladesh	100/5	3.18			
Padma Oil	100/5	50.00			
Shine Pukur	100/5	07.00			