

# US, Indian businessmen welcome move to revive Enron project

NEW DELHI, Jan 9: US and Indian businessmen Tuesday welcomed a decision to revive a cancelled US power project in western India as restoring investors' faith in Indian business, reports AP.

Five months after it cancelled the high profile deal, the state government of Maharashtra announced Monday it would go ahead with the massive project if the US consortium led by the Enron Corp. cuts the cost of the power it will sell to the state.

Enron said it was pleased by the decision, but said it still had to consider the terms.

US business will see decision as a positive signal, said General Brent Scowcroft, a former National Security Advisor to three US presidents and now a business consultant.

"The cancellation of the Enron deal cast a definite pall on the enthusiasm of American business for India," Scowcroft said. "A resolution of this problem will be reassuring to American business about the sanctity of contracts."

Scowcroft said in a coffee meeting with reporters that the year long saga with the off and on contract would be "a useful experience" for India, as it increasingly opens its economy to foreign investment.

"The Enron project has been closely watched as a potential barometer of economic policy, with national elections looming in April. The Maharashtra government is led by a right wing coalition that is the main challenger to the Congress Party of Prime Minister PV Narasimha Rao, who threw

open the doors to outside investors in 1991.

Indian business also signalled its approval of the decision reviving the two stage project for 2,450 megawatt of electricity.

Cancellation of the contract was exceptional, but "ultimately the consumer will benefit" from the increase in electricity and lower cost, said Rahul Bajaj, Chairman of Bajaj Auto Ltd, speaking in Bombay.

The Associated Chambers of Commerce of India said the go ahead for the project "will restore the much needed confidence among the investors, particularly those in the infrastructure sector."

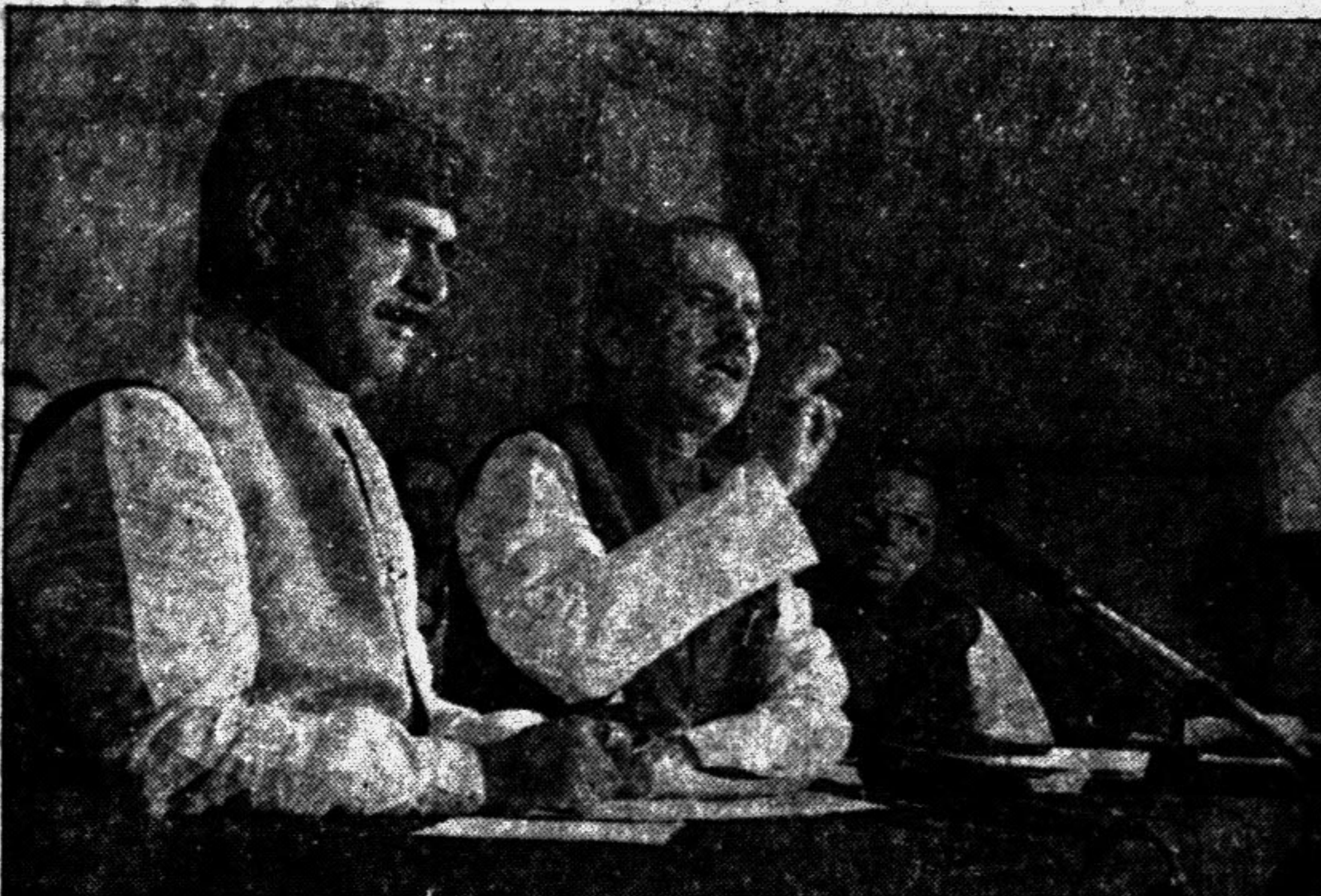
The Maharashtra government said Enron could resume work if it reduced the project cost by 29 per cent, to 64.24 billion rupees (1.8

billion dollars) from the original 90.60 billion rupees (2.8 billion dollars).

It also demanded a 30 per cent stake in the project for the Maharashtra State Electricity Board. Enron currently holds 80 per cent of the Dabhol Power Co. project, while the General Electric Co. and Bechtel Enterprises Inc. both have 10 per cent stakes.

The power project was the first of several "fast track" agreements designed to sidestep bureaucratic tangles to avert an impending power crisis.

The political alliance that won the state elections early last year scrapped the deal, saying it was too costly, that Enron's profits would be excessive, and that it had not undergone competitive bidding.



Chief Minister of Maharashtra Manohar Joshi (R) announces the cabinet approval of the controversial Enron power project on Monday at a press conference in South Bombay. The cabinet has approved a renegotiated contract with Enron Corp of the United States for construction of the 2,015-megawatt power plant at the port of Dabhol. Deputy Chief Minister of the state Gopinath Munde (L) also seen in the picture. — AFP/UNB photo

## China accuses foreign investors of pushing out jt venture partners

BEIJING, Jan 9: A senior Chinese trade official has accused foreign investors here of pushing out their Chinese joint venture partners in order to grab a larger share of the profits, reports AP.

"It's almost unanimous where returns become high, foreign parties will scramble to nudge their Chinese partners out of holding status with their overwhelming funding power," said Xu Ming, a division chief with the State Economic and Trade Commission.

"The process is quite simple," Xu said, pointing an accusing finger at foreign investors who ask their Chinese partners to beef up funding in proportion to their share of the joint venture stock.

"When the fund-thirsty Chinese cannot oblige, the foreign partners advise them to sell stocks to raise funds and give up control of the company," Xu was quoted as saying by the China Daily today.

Xi cited the example of the Otis Lift Co, a Sino-US joint venture based in the nearby port city of Tianjin.

In its early days, when the Chinese side held 75 per cent of the stock, the venture was operating at a loss.

However, as business thrived Xu said the foreign partners in the venture had "little difficulty" in taking over majority control.

Given the shortage of funds available to Chinese partners because of the government's tight credit policy,

Xu said they are in "no position" to compete with their foreign partners in terms of funding power.

He also cited the case of a coca-cola joint venture bottling plant in the northeastern city of Shenyang which recently reported to his department that foreign partners intended to expand their stock.

"Through their attempts to gain majority stakes, it's hard not to believe that some foreign investors are seeking to achieve a monopoly in these sectors," Xu said.

He also cautioned against the potential of foreign domination resulting from China's experiments with build, operate, transfer (BOT) funding mechanisms for joint ventures.

## China-Taiwan trade rises by ten pc in '95

BEIJING, Jan 9: Trade between China and Taiwan rose by about 10 per cent last year despite the tumultuous political situation between the two rivals, the official Xinhua news agency said yesterday, according to AFP.

Total trade volume reached an estimated 18 billion dollars in 1995, compared with 16.3 billion in 1994, the agency said. The report did not include the import and export breakdown for the two nations.

Trade across the Taiwan strait could reach 20 billion dollars this year, the report said.

Xinhua said the increased trade was due to China's economic reforms and to businesses in both countries recognizing the importance of increasing economic relations.

Relations between Beijing and Taipei were particularly tense in the past year following the visit in June to the United States by Taiwanese President Lee Teng-Hui.

The Communist regime held several military manoeuvres and missile tests near Taiwan following the visit. Beijing has considered the island a renegade province ever since the nationalists fled there at the end of the 1949 civil war.

Relations risk becoming further strained following the issuance of a transit visa by the United States for Taiwanese Vice President Li Yuan-Zu.

## Russia urges Iraq to accept UN resolution on oil sale

MOSCOW, Jan 9: Russian Deputy Foreign Minister Viktor Posuvalyuk yesterday urged Iraq to accept a UN Security Council resolution allowing limited oil exports, Inter-Tass news agency said, according to Reuters.

"Moscow calls upon the Iraqi government to fulfil all the remaining resolutions of the UN Security Council on Iraq," Posuvalyuk was quoted as saying in the Jordanian capital Amman at the end of a three-day visit.

A UN resolution approved last April would permit Iraq to sell as much as two billion US dollars of oil over six months to buy food and other vital supplies.

## Plan to export huge manpower to Malaysia

Bangladesh is planning to export huge manpower to Malaysia in next 5 years to meet her growing demand for labour, reports UNB.

According to information received in Dhaka, Malaysia needs about one crore workers by the year 2000 to implement a number of massive projects in seven sectors.

Of this, 33,00,000 workers are needed in manufacturing sector, while 15,30,000 in agriculture, 11,60,000 in services, 10,40,000 in retail and sells, 9,20,000 in power generation and transmission and 2,97,000 in management and administration.

Malaysia will recruit manpowers from different developing countries, mostly from Asia to meet her requirements.

At present 1,40,000 Bangladeshis are employed in different public and private establishments in Malaysia. Besides, more 20,000 workers are being recruited from Bangladesh to work in that country.

## Granting MFN status to India vital, says Pak minister

NEW DELHI, Jan 9: It is inevitable that Pakistan will grant Most-Favoured-Nation (MFN) status to India, Commerce Minister of Pakistan Ahmed Mukhtar said here Monday, reports Xinhua.

In an interview with the Times of India newspaper, Mukhtar said the granting of MFN to India is a matter of time.

He expressed the hope that there will soon be good news about the MFN status, which means that no trading partner is more or less favoured than any other counterpart.

However, the Minister stressed that India should provide a level playing field in trade and commerce for Pakistan.

He pointed out that while Pakistan had completely liberalised its import regime, India still continued to maintain a number of quantitative restrictions on imports.

Mukhtar, who is leading a Pakistani delegation, came here to attend the first meeting of commerce ministers of the South Asian Association for Region Cooperation (SAARC) which opened on Monday.

## Oil prices soar as weather squeezes US refiners

LONDON, Jan 9: Oil prices neared two year highs on Monday as the eastern United States was hit by the worst snowstorms in decades, reports Reuters.

World benchmark Brent crude futures for February delivery opened in London at 19.25 dollars a barrel, up 20 cents from Friday's close and just under the 1995/1994 highs of 19.38 dollars and 19.41 dollars respectively.

February futures for west Texas intermediate crude, the US benchmark, were trading at just below 20.50 dollars a barrel, compared with 1995/1994 highs between 20.80 dollars and 20.90 dollars.

"We went into the winter very badly placed to handle cold weather and that means it is going to take quite a while to build oil inventories back up to comfortable levels," said Philip Morgan, oil industry analyst at Paribas capital markets in London.

The United States had particularly left itself open to the effects of a cold winter as refineries there operated "just-in-time" inventory policies, which saw crude oil and other energy stocks fall to their lowest levels in two decades by the end of last summer.

# Inflation grips Myanmar: Suu Kyi

BANGKOK, Thailand, Jan 9: Raging inflation has left many Myanmar families with nothing to eat and others consuming meals that are a health hazard, opposition leader Aung San Suu Kyi said in a newspaper column Monday, reports AP.

Suu Kyi, the foremost figure in Myanmar's struggling democracy movement, writes a weekly "Letter from Burma" column for the Mainichi Daily News in Japan. This week's column, titled "Breakfast Blues," was seen by the Associated Press in Bangkok.

"One of the most popular topics of conversation in Myanmar today is the rampant inflation," she wrote. Myanmar's people talk about inflation, "indignantly, incredulously, furiously," she said.

She added that many families could not afford meat and, in cooking, were forced to substitute items such as

palm oil or monosodium glutamate for ingredients such as peanut oil.

This has made meals "not just unsatisfactory but also something of a health hazard," she wrote.

After 26 years of the disastrous economic policies of military dictator Ne Win's "Burmese way to socialism," the military government that took power in 1988 began moving toward economic reforms and establishing a market economy.

While foreign investment has increased and consumer goods are easily found, some by products of the military government's programme have been widening disparities in wealth and an inflation rate running above 35 per cent.

Suu Kyi did not assign blame for rising prices.

Shortly after her release from six years of house arrest in July, she had criticized foreign investment as

benefiting the military government but not Myanmar's people. Following some harsh rhetoric from the military, suggesting that she was a traitor, Suu Kyi toned down her attacks.

"Those for whom inflation is the worst enemy are the housewives," Suu Kyi wrote in Monday's column.

A trip to the market is "an obstacle race between brick walls of impossible prices and pitfalls of standard goods," she added.

She gave several examples of pre-1990 prices and the cost of food today. Most showed increases of more than 100 per cent, with some items going up as much as 600 per cent.

She called those who can afford to eat even an unhealthy breakfast each day the fortunate ones.

"There are many who have to make do with nothing at all," Suu Kyi said.

## US Supreme Court dismisses lawsuit by BCCI depositors

WASHINGTON, Jan 9: The Supreme Court yesterday let stand the dismissal of a lawsuit by a group of depositors seeking damages in connection with the 1991 collapse of the Bank of Credit and Commerce International, reports Reuters.

The class-action lawsuit had claimed racketeering and violations of international law by 77 defendants allegedly responsible for the scandal-plagued bank's collapse.

When government shut down BCCI in July 1991, it was an international operation with 400 branches located in more than 70 countries. US-prosecutors at the time charged that BCCI involved the largest bank fraud in history.

The group of depositors sought to recover lost deposits totalling 4 million US dollars and sought to represent a class of nearly one million defrauded depositors who lost 6 billion US dollars.

## WB chief suspension of US donation to IDA causing nightmare

PARIS, Jan 9: Suspension of the US contribution to the International Development Agency (IDA) is causing a real nightmare, James Wolfensohn, President of the World Bank, said yesterday, reports AP.

The agency is the branch of the bank which arranges loans for the poorest countries.

"I am sure the [US President] Bill Clinton is with me in this," Wolfensohn told the La Tribune Desfosses newspaper.

"But if the United States does not meet its commitments we would face a serious problem."

If the United States did not pay its share the World Bank would ask "the other partners to pay their contributions normally for at least two years."

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# ROK president seeks changes in DPRK foreign policy before aid

SEOUL, Jan 9: South Korean President Kim Young-Sam said Tuesday that North Korea, despite facing famine, should not be given food aid unless it fundamentally changes its hard-line foreign policy, reports AP.

Kim's statement in his New Year's address was in line with South Korea's get-tough policy toward its communist rival and reflects Seoul's uneasiness over reported willingness by the United States and Japan to help the North.

Diagnosing North Korea's economic problems as "structural," Kim said his government is willing to help if the North takes the initiative to ease inter-Korea tensions and reciprocate South Korean peace gestures.

"It is a national betrayal and crime that North Korea is asking for international aid while pouring its national resources into the military which threatens fellow countrymen," Kim said.

icy inter-Korea ties were one of the major topics of Kim's 30-minute speech, broadcast live nationally on TV and radio.

Critics said Kim skipped the traditional news conference to avoid sensitive questions in connection with massive corruption scandals involving two of his military-backed predecessors, Roh Tae-Woo and Chun Doo-Hwan.

Roh and Chun, former army generals, are in jail on charges of corruption and allegedly masterminding a 1979 coup that brought them to power. Kim has been ac-

and formally request aid.

South Korean officials also demanded that the North withdraw warplanes and long-range artillery it deployed closer to the border late last year.

US and South Korean military officials said the North deployed hundreds of warplanes closer to the Demilitarized Zone during its routine winter exercises. The plans have not returned to their home bases yet, they said.

In the first food aid to the impoverished North, South Korea gave 150,000 tons of free rice last year. But relations have soured because of a series of political disputes.

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**Government of the People's Republic of Bangladesh**  
Office of the Executive Engineer  
Facilities Department, Ministry of Education  
Panchagarh Zone, Panchagarh

Notice No. 9/FD/PGZ/95-96 Dated 26.12.95

### Corrigendum Notice

Under unavoidable circumstances, the last date of selling tender vide this office Notice No. 9/FD/PGZ/95-96 at 26.12.95 is fixed on 13.1.96 instead of 12.1.96 and the last date of submitting tender is fixed on 14.1.96 in due time instead of 13.1.96.

If more than one contractors are found to be the lowest then decision will be taken through lottery on 18.1.96 at 11.00 AM instead of 16.1.96.

Other terms & conditions of the tender will remain unchanged.

Kazi Wahidul Alam  
Executive Engineer  
Facilities Department  
Panchagarh Zone, Panchagarh.

DFF-314-4/1  
G-63

# Moderate gains for HK stocks in '96 forecast

HONG KONG, Jan 9: The stunning rally in Hong Kong shares in the past week may lead experts to re-evaluate their 1996 market forecasts, but some analysts say questions still remain about the market's ability to continue higher, reports Reuters.

"I do think people will re-evaluate their expectations, and I think they will be wrong," said Alan Hutcheson, Research Director at Deutsche Morgan Grenfell. Hutcheson is sticking with his year-end target of 10,500 for the bellwether Hang Seng Index, while allowing for some further near-term gains.

The blue chip barometer took a breather on Friday ending down 44 points at 10,529.90.

At the end of 1995, most brokers were forecasting only moderate gains for Hong Kong stocks in 1996, with the most bullish forecasts of a climb to around 12,000 on the Hang Seng.

A common year-end 1996 forecast was between 10,000 and 11,000.

The index has risen about 500 points in the first three trading sessions this year, striking 22-month closing highs on Wednesday and Thursday.

This week's rally has come after the market finished off 1995 in dramatic style, ending on the year's high.

Further gains are forecast for the first quarter of 1996. But with talk of the 12,000 level and beyond emerging, the market may be getting ahead of itself, analysts said.

"We're not going to adjust our expectations," said Crosby Securities Research Chief Archie Hart.

"We think fair value for the market is pretty much where it is — 10,500 to 11,000," he said. "Hart forecast the market has a maximum upside potential of 12,000 based on extra liquidity, the flow of which he said was difficult to

forecast.

Liquidity, or the flow of funds, has been a major catalyst behind the market's run so far this year, and analysts said a burst of new money into a market is not uncommon in January.

"People were showing very conservative positions at year end because they didn't want to show a high foreign exposure on their books, non-blue chip exposure and Asian market exposure," Deutsche Morgan Grenfell's Hutcheson said.

"So when the new year comes, they just all pile in," he said. "They're all doing it at the same time, so the market goes up rather heavily on big volume."

Turnover in Hong Kong equities reached a whopping 9.52 billion HK dollar (1.23 billion US dollar) last Friday, the highest level in nearly eight months.

Timothy Moe, head of regional research at Salomon

Brothers, has long been sanguine about the Hong Kong stock market and said if the flood of liquidity this week continues, analysts will be more likely to readjust their positions.

"If the flush environment we've seen the first few days this year is any indication of sustained development, further on in the year, then that can be supportive of valuation expansion above what people, including myself, have been anticipating."

In Salomon's 1996 outlook report, Hong Kong was ranked among the markets that have the best potential this year, with the 12,000 mark on the Hang Seng viewed as a distinct possibility.

But in terms of valuation, Hutcheson said the 1996 bull run is not likely to last too much longer because a rather lacklustre full-year 1995 reporting season is expected.

"There are still a lot of problems overhanging the market," Hart at Crosby added, citing a recovering but still weak local property market, and eventual leadership change in China and an uninspiring Chinese economy.

"We don't see the market hugely running away," he said.

"It will be all right but it's not going to be another '93" when the Hang Seng surged 115 per cent.

### Kuwait to give \$30m for Pak power project

ISLAMABAD, Jan 9: Kuwait has agreed to provide 30 million dollars to aid the construction of a power project in Pakistan's southwestern Baluchistan province, government officials said here yesterday, reports AP.

**Directorate General Defence Purchase**  
Ministry of Defence  
New Airport Road  
Tejgaon, Dhaka-1215

### Tender Notice

1. Sealed tenders in local and foreign currency are invited from bonafide Manufacturers/Suppliers/Dealers/Indentors (Not necessarily enlisted with DGDP) for supply of the following items for Bangladesh Air Force:

Sl No	Description of items	Selling date	Opening date	Currency
a)	Dumes Small, Qty-20,000 each.	07-1-96 to 13-1-96	14-1-96	Local
b)	Cloth Shirting B/G, Qty-100000 MTR			Foreign
c)	Blanket Synthetic (Officers) Tufted Type, Qty-1000 each.			Foreign
d)	Blanket Synthetic (Officers) Mink Type, Qty-1000 each.			Foreign
e)	Coach 52 Seater, Qty 06 Nos.			Local

2. Tender schedules with detail specifications will be available on payment in respective value (Non-refundable) on any working day between 0800 hrs to 1200 hrs. The tender will be opened on the specified date at 1000 hrs in presence of the bidders (if present).

ISPR/Misc/95/2296  
DFF-32484-26/12  
G-1979

Flight Lieutenant  
for Director General.