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**HYUNDAI**

CARS THAT MAKE SENSE

Indian rupee touches historic low

BOMBAY, Feb 5: The Indian rupee today touched a historic low of 37 rupees to a dollar, dealers said, reports Reuter.

The rupee has been under tremendous pressure from morning, falling steadily after opening at 36.79/82 level. The Reserve Bank of India intervened briefly, selling dollars at 36.93/95 levels, but the impact was short-lived, dealers said.

The dollar was trading at 37.04 in latest deals.

Dealers said heavy corporate demand for the US currency and a relative shortage of supplies led the rupee's fall.

The forward premia on dollars opened up, reflecting the heat on the rupee in the spot market.

Britain suspends privatisation of rail trunk-line services

LONDON, Feb 5: Britain's Transport Ministry, prompted by investigations into ticketing fraud, suspended Saturday the privatisation of one of three British rail trunk-line services, reports AFP.

London, Tilbury and Southend Rail (LTS rail) was supposed to revert to a employee-controlled franchise on Monday, at the same time as bus line stagecoach takes over great western rail and southwest rail.

But Transport Minister Sir George Young announced that the change of ownership was being suspended, pending the results of investigations into irregularities in the ticketing system.

The franchising director has informed me that in view of the apparent ticketing irregularities at LTS rail, he does not now expect to transfer the company from British rail to the private sector until after the conclusion of the investigations currently being undertaken by the rail regulator and the British railways board respectively," Young said.

It has been alleged that the irregularities cost London underground, which runs the capital's subway network, about 30,000 pounds sterling (46,500 dollars) a month.

Respect economic commitments, Arafat to Israel

DAVOS, Switzerland, Feb 5: Palestinian President Yasser Arafat used a "special address" to the World Economic Forum (WEF) on Sunday to demand that Israel respects commitments under the Middle East peace accords, reports AFP.

In a 10-minute address to the meeting of 1,000 of the world's political and business elite, he charged notably that Israel's closure of the borders with Gaza and West Bank had been disastrous for the Palestinian economy.

"Our losses because of the Israeli closures are unfortunate," he told the forum, claiming the borders were closed for 247 days in 15 months, at a loss the Palestinian economy of more than six million dollars a day.

"It is bigger than the total amount of aid pledged to us by all the donors," Arafat said, repeating acclaim he made at a working group of the forum on Saturday.

Sunday's address, the highlight of the day's programme, was made to a full session of the forum and introduced by Norwegian premier Gro Harlem Brundtland, whose country was a key sponsor behind the Middle-East peace accord.

UK researchers discover first Windows 95 virus

LONDON, Feb 5: British researchers say they have discovered the first computer virus that specifically infects programmes on Microsoft's Windows 95 operating system.

The virus, called "Boza," can corrupt programmes so that they no longer function, Paul Ducklin, an analyst for the software company Sophos, told The Associated Press Sunday. It can then spread to other users' machines.

"It is the first virus we've seen that is written specifically for Windows 95," said Ducklin, whose company, based in Abingdon, near Oxford, specializes in writing programmes that destroy viruses.

It is not known who created the virus, said Ducklin, although there is a clue in one of the messages Boza occasionally throws on the screen: "VAD Australia does it again with the world's first Wing 95 virus," a reference to a well-known group of virus makers.

RD-12 Project should reduce dependence on subsidy : WB

By Staff Correspondent

The Rural Development (RD-12) Project which enjoys a high rate of economic subsidy, should aim at reducing its dependence on subsidy through loan and membership expansion to be a sustainable programme, according to a recent World Bank study.

The RD-12 Project, mainly funded by the Canadian International Development Agency, has been in operation since 1988 by the Bangladesh Rural Development Board (BRDB) and is expected to end in June 1996.

It is based on the cooperative structure where groups are mobilised in groups of fifty to sixty called "Bittahen Societies" and provides credit, skill development training,

organisational help and other human development inputs to the rural poor.

Operating in 139 thanas it mobilises 452000 members, 70 per cent of whom are women.

In 1994, the project lent Tk 706.5 million to the assetless poor.

The WB report says that despite having a satisfactory repayment performance, the programme has not yet managed to improve the well-being of the rural poor significantly, given the non-significant impact on rural wages.

The study also says that the high amount of economic subsidy to the project may be worth spending "giving that this programme provides resources to generate income and employment as well as

skill and other human development inputs to improve the living standard of the rural poor."

But the WB says the subsidy can be eliminated by expanding membership and lending as the programme has not yet achieved its optimal membership and disbursement meaning that it can benefit from vertical and horizontal expansion.

The study has identified a number of institutional constraints to continue running the RD-12 Project.

The programme should be free from the bureaucratic administrative structure of BRDB which is the parent organisation of the RD-12 Project.

"In addition, the programme should made to rely

less on subsidised donor funds for on-lending although these funds would be required for institutional development," said the study.

"The programme can not be self-sustainable by charging the break-even rate of interest because the poor can not bear the full costs of programme development and the delivery of credit and social development inputs," it added.

The report pointed out that the training programmes under the RD-12 should be upgraded and tailored to the needs of a diversifying economy.

Moreover, it must develop a marketing network that taps both domestic and international markets.

Rehabilitation work of Dhaka-Aricha highway inaugurated

The rehabilitation work of Dhaka-Aricha highway has been inaugurated, reports UNB.

Communications Minister Oli Ahmed opened the work at Pathalia in Savar yesterday.

The main objectives of the work are to rehabilitate the damaged structures and improvement of the existing pavement to increase the efficiency of the Dhaka-Aricha national highway.

The rehabilitation project will be implemented at a cost of Tk 147 crore, out of which Tk 122.20 crore is of Danish grant and the remaining Tk 25 crore local finance.

Some 43 bridges, 13 RCC box culverts and 10 pipe culverts will be improved, and 61 kilometres road will be

rehabilitated under this project. The work on the project is expected to be completed by next 32 months.

Inaugurating the work, Oli Ahmed said the government has attached high priority to the maintenance and development of the strategic road links to ensure an efficient and reliable road linkage between throughout the country.

Dhaka-Aricha highway forms a strategic link in this core network.

The inaugural function was addressed, among others, by chief Engineer of Roads and Highways Department Fazlul Karim and Charge d'Affaires of Denmark in Dhaka Knud K. Jaer Nielsen.

China will levy cultivated-land, deed taxes on all companies

BEIJING, Feb 5: China will soon levy deed and cultivated-land taxes on both foreign and Chinese enterprises in an effort to level the corporate playing fields here, according to a news report on Sunday, says AP.

Currently, only foreign-funded enterprises pay the deed tax, which is collected on the transfer of land-use rights and house ownership, the China Daily's Business Weekly said.

Wang Zheng, director of the Ministry of Finance's Taxation Policy Department, said that state-owned companies will be subject to the tax after the new tax regime is approved by the State Council, China's Cabinet.

Wang said revenues from the deed tax are small, less than 1 billion yuan (1.20 billion dollars) a year.

He added, however, that the institution of a national deed tax for all enterprises will facilitate the government's supervision of trading in land rights, since payment of the deed tax could serve as proof of ownership.

\$1.5B ADB loan to Vietnam

HANOI, Feb 5: The Asian Development Bank has agreed to provide more than 1.5 billion dollars in loans to Vietnam over the next four years, according to an official report, reports AP.

The programme he will focus on administrative reform, development in rural areas, infrastructure and human resources, the English-language Vietnam News said Saturday.

The bank is to provide 310 million dollars in 1996, with the rest of the money coming through 1999. The bank will also make a 9 million dollars grant for technical support this year.

Over the past three years, ADB has provided 634 million dollars in loans and 30 million dollars in grants for technical aid.

The details were decided at a meeting last week between Lihan Amerasinghe, head of the ADB delegation, and Deputy Prime Minister Phan Van Khai, the report said.

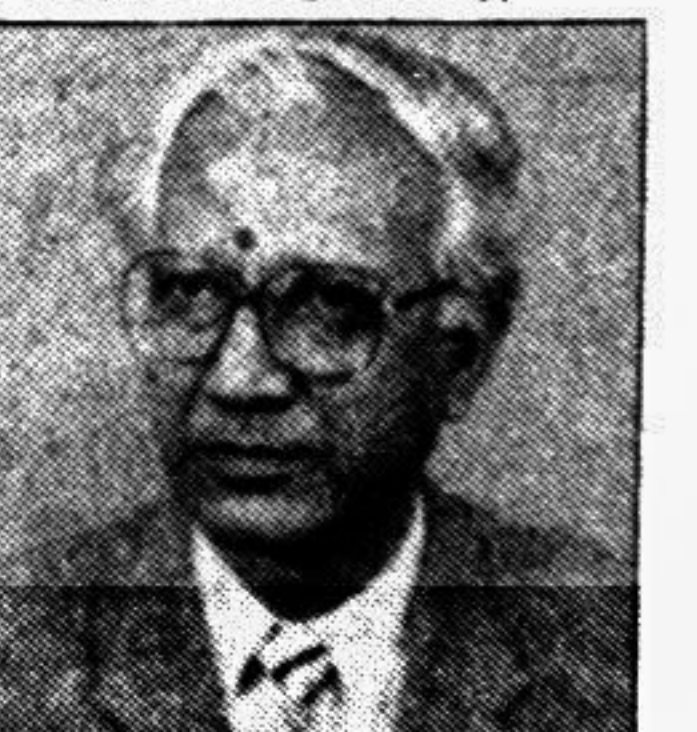
2 Iraqi tankers ready to supply fuel to ships calling at ports

BAGHDAD, Feb 5: Iraq said on Sunday that two of its tankers were ready to supply fuel to ships calling at Iraqi ports, the Iraqi news agency (INA) reported, reports Reuter.

INA said the tankers, with a capacity of 17,000 tonnes, would serve ships within Iraq's territorial waters.

Since Iraq agreed recently to hold talks with the United Nations on selling limited amounts of oil in return for badly needed food and medical supplies, Iraqi authorities have been stressing wide-scale preparations to load tankers at terminals in the northern Gulf.

Since its 1990 invasion of Kuwait, Iraq has suffered crippling UN sanctions, including a ban on all oil exports except for limited sales to neighbouring Jordan.



New president of ICMAB

Chowdhury Hafizur Rahman, FCMA, has been elected president of the Institute of Cost and Management Accountants of Bangladesh (ICMAB) for the year 1996 at a meeting of the National Council of the institute recently, says a press release.

Rahman, a commerce graduate from the University of Calcutta, successfully completed a training course on "Advanced International Programme in Oil and Gas Financial Management" sponsored by the Centre for International Accounting Development of the University of Texas, Dallas and the South Western Legal Foundation, USA in 1983.

He is presently serving as Director (Finance) in Beximco Pharmaceuticals Ltd, a company of Beximco Group. He is the only member of the institute who was awarded the Gold medal for his brilliant performance in the ICMAB examination.



Watermelon selling at Taka 5 to 8 thousand per 100 pieces at Badamtali wholesale market in the city. The large smooth-skinned juicy fruit with pink or red flesh and black seeds is grown untimely at Satkania in Chittagong. —Star photo

Mexico survives financial crisis for free trade: Zedillo

DAVOS, Switzerland, Feb 5: Mexico survived its financial crisis early last year because it maintained its push for an open economy and free trade, President Ernesto Zedillo argued Saturday, reports Reuter.

Zedillo said Mexico's success in overcoming its problems showed liberalisation was the best policy for any country.

"The fact that Mexico is coming out of this crisis much quicker than we did from earlier ones is because now we have a free trade system... and because we pursued out policy of structural reform," Zedillo said.

His remarks, to business and political leaders from round the globe at the annual meeting of the World Economic Forum, won strong support from top officials of the World Bank, the International Monetary Fund and the World Trade Organisation.

WTO Director-General Renato Ruggiero said the fact that Mexico did not retreat into protectionism in the face of a collapse in its balance of payments "was a major achievement and a further reason for confidence in Mexico and its president."

Ruggiero, whose organisation came into being only a year ago to replace the old General Agreement on Tariffs and Trade, said the Mexican example had also strengthened confidence in the global, rule-based trading system the WTO was created to run.

Zedillo, who took over the presidency as the crisis was unfolding in December 1994, said it was "totally unwarranted, illogical and even ridiculous" to argue it came about because of liberalisation of the long-protected economy and membership of NAFTA, the North American Free Trade Association.

NAFTA links Mexico with the United States and Canada, and has also been blamed by some US politicians critical of open trade policies for a loss of American jobs.

"Mexico had the problems we faced in 1995 because we were careless about our domestic savings rates. It was not a problem that developed in a few days or even a few

months, but one that developed for a number of years," Zedillo said.

Modernisation and liberalisation were the right policies, "not only for Mexico, but for every country in the world," he added.

"If any lesson can be extracted from the Mexican experience, it is that these modernisation changes were not wrong, only that perhaps they were not sufficient. Perhaps we should have done more earlier, and perhaps that would have prevented the crisis."

Evidence of this Zedillo said, was the fact that when Mexico imposed trade and capital restriction in the Latin American debt crisis of the early 1980s it took the country many years to recover.

"This time around, our reaction... was not through a sharp contraction of trade. We have improved our balance of payments position mainly through exports, he declared.

"So I think the Mexican case is good evidence that these tendencies for the world as a whole are the

right ones."

Zedillo said many critics of his government had argued that the crisis showed that restrictions on the movement of capital, lifted under his predecessor Carlos Salinas de Gortari, were essential for developing countries.

"The report, 'A fresh start for Africa,' called for Africa's foreign debt to be written off. The current debt total for sub-Saharan countries is nearly 211 billion dollars — more than double their combined exports.

African countries have paid nearly 150 billion dollars to creditors since 1984, the report said. The International Monetary Fund is a major recipient: in 1993, African governments paid 300 million dollars more to the IMF than they received from it.

"From 1990-93, 57 per cent of gross bilateral loans and grants to Africa were, in effect, diverted to debt service payments — and often went straight back into the coffers of rich creditors," the report said.

"Both creditors and debtors find themselves in an almost vicious cycle in which the former must give to receive, and the latter must receive to give. Giving and receiving become an end in themselves."

"Every man, woman and child in sub-Saharan Africa now owes 261 pounds (400

dollars) to rich creditors," the report said. "That is less than one week's wages for many people in Britain, but more than many Africans earn in a whole year."

The consequences of the debt burden include the neglect of spending on health, sanitation, education and safe water; cutbacks in imports; less investment in infrastructure, which lowers productivity and contributes to declining national income; and diminished foreign investment.

For example, in Uganda, which is at the center of an AIDS epidemic, the government spends only 1.69 pounds (2.60 dollars) per person on health each year, and 19 pounds (30 dollar) on debt repayments.

The report said donor nations must help reduce Africa's debt. It cited disappointing results from a plan announced in 1994 to slash the foreign debts of the 27 poorest countries — most in Africa — by up to two-thirds if they undertake certain economic reforms.

Commercial bank creditors are major recipients of aid diverted for debt servicing, and have benefited from tax breaks, the report said. They should now write off all remaining loans owed to them by African countries, or offer them for repurchase at their true value — the current market rate which is about 10 cents to the dollar, the report said.

Multilateral creditors, including the IMF and the World Bank, must take steps to ensure comprehensive debt reduction, the report said.

RABAT, Feb 5: Morocco on Saturday banned smoking in public places and tobacco advertisements, reports Reuter.

"Tobacco advertisement in the mass media and smoking in public places are no more allowed in the country. This decision aims at protecting public health from negative effects of tobacco," the Health Ministry said in a statement.

The law, setting out the ban was issued by the government last year, but took effect on Saturday.

Paul Armstrong, a director of Jardine Fleming Investment Management Ltd in Hong Kong, says there was a "significant flow of foreign money into Japan in the latter part of 1995." That flow has slowed more recently, he says, but flows into the rest of Asia have accelerated in the past couple of months.

Michael Howell, who monitors fund flows at ING Barings Securities Ltd in London, says the Asian-Pacific region, excluding Japan, is likely to receive net inflows of around 30 billion dollars this year. That would be well below the 1993 peak

of just over 40 billion dollars but far above the 16 billion dollars recorded in 1994 and an estimated 8 billion dollars in 1995. Most of last year's flow was concentrated on Hong Kong and Singapore, Howell says.

Many fund-management groups based in Asia confirm that they have received an influx of new money from both institutional and retail investors in recent weeks, much of it coming from the US and Europe.

For funds marketed in Japan, the picture is different. Japan-based unit trusts (open-ended mutual funds) that invest in the rest of Asia showed net outflows for each of the first 10 months of 1995, according to Nomura Research Institute Hong Kong Ltd. But a research executive at Nomura Research in Hong Kong says that since December "the attitude (of some Japanese institutional investors) has been changing and that he has been getting more calls from Japanese investors inquiring about Asian

stock markets. Those inquiries may lead to more investment later this year, some experts say.

Grant Forster, financial-services manager of FT Fund Managers Ltd, last week told an investment seminar that he expects Japanese funds to flow into equity markets elsewhere in Asia after March, giving a further boost to the current bullishness.

"Since the beginning of the new year, while we have seen major inflows of funds going into the Asian markets from the US especially from mutual funds, pension funds and hedge funds, Japanese investors have been net sellers," Forster said. That's because Japanese investors "have been locking in profits for the (fiscal) year end (on March 31), especially from the currency, as the yen has been weak," he added.

When the new fiscal year starts in April, he said, Japanese institutions will be net investors in stock markets elsewhere in Asia.

Japan's dependency on ME oil rises to 80 pc

TOKYO, Feb 5: Japan's dependency on Middle Eastern oil has risen to almost 80 per cent of its total imports because major oil-producing nations in Asia are exporting less to meet growing domestic demand, officials said Monday, reports AP.

Japan imported 207 million kilolitres (1.3 billion barrels) of crude oil from the Middle East last year, accounting for 78.6 per cent of the country's total imports, according to a recent government report.

The percentage was Japan's highest since 1979, an official of the Ministry of International Trade and Industry said.