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# The Daily Star BUSINESS

DHAKA, MONDAY, FEBRUARY 19, 1996

**HYUNDAI**

CARS THAT MAKE SENSE

## ISO9002 award for Emirates' inflight services

The inflight service division of Emirates, the international airline of the UAE, has become the first in the world to be awarded an ISO9002 certificate, the internationally-recognised hallmark of efficiency, says a Emirates press release.

The division has also won ISO accreditation in record time — 12 months as opposed to the more usual 18 months or two years, meeting the stringent standards required by Bureau Veritas Quality International (BVQI), the accreditation body.

Ian Day, Chairman BVQI, presented the ISO9002 certificate to Maurice Flanagan, Emirates' Group Managing Director, at a ceremony in the auditorium of the Emirates Training Centre. The airline will present a special certificate of appreciation to every member of the inflight services staff.

The ceremony was also attended by George Kubik, Chief Executive Officer, and Capt R M Temraz, Assessor, both from BVQI in Dubai; John Hunter, Quality Consultant of the Dubai Economic Department; and directors and senior managers from Emirates and DNATA Cargo.

Congratulating the Inflight Services team, Flanagan said: "We are delighted to receive this accreditation, which follows the presentation of Airline with the Best Cabin crew and Airline with the Best Entertainment awards, among five others, at the Executive Travel Airline of the Year awards ceremony in London a few weeks ago. Our inflight services are driven by the highest standards of service, an attitude that is shared by every staff member."

## India's inflation rate reaches new low

NEW DELHI, Feb 18: India's year-on-year inflation rate has reached a new low since the launch of economic reforms four years ago, the finance ministry said today, reports AFP.

Inflation, — measured on an index of wholesale prices with 1981 as the base for calculations — declined sharply to 4.71 per cent year-on-year for the week which ended February 3 compared to the 11.4 per cent in the corresponding week last year, the ministry said.

## EC okays Tk 236 cr wheat allocation to Bangladesh

The European Commission has approved an allocation of 225,000 tonnes of wheat, worth about 45 million ECU (or Taka 236 crore) from the European Union (EU) to Bangladesh, reports BSS.

Four vessels have already delivered 135,000 tonnes to Chittagong since December 1995.

Three more ships carrying the remaining 90,000 tonnes will arrive in the next four weeks, said a press release of the delegation of European Commission.

These consignments are part of the EU's contribution to the integrated food-assisted development project (Ifadep), it said.

Over a period of six years,

the EU is putting a total of 562,000 tonnes of wheat, with an estimated value of about 112 million ECU, into this project.

From 1971 onwards, Bangladesh received substantial annual grants of food aid from the EU, the press release said.

However, starting from mid-1994, such traditional supplies are being gradually replaced by agreed integrated development activities which have a stronger emphasis on poverty alleviation, it said.

The wheat is used, along with additional financial and technical assistance valued at 30 million ECU, to achieve enhanced development impact.

The EU's total commitment to Ifadep thus amounts to 142

million ECU (about Taka 753 crore).

Four ministries of the government of Bangladesh namely, local government rural development and cooperatives, fisheries and livestock and women and children's affairs, are working with the World Food Programme to implement the multifaceted project. Ifadep facilitates the construction of rural roads, develops inland fisheries for the benefit of poor fishermen and supports income-generating activities for assetless women.

It also provides food supplies in kind to set up sustainable *adasha* farms for landless people and to build embankments for irrigating high-yielding crops.



Emirates recently became first-ever airline to receive ISO9002 award for inflight services. (from left in back row) Don Foster, Mohammed Al Khaja, Emirates' Operations Director, Ian Day, Maurice Flanagan, Capt Temraz, George Kubik, (from left in front row) Penny Reeves, Sonya Davis, Ted Green, Mohammed Hassan, Bob Ferguson, Sonia Woolsey and Jennifer Boulter are seen with the awards.

## Foreign mining firms peeking into China's gold industry

ZHAOYUAN, China, Feb 18: China's decision to prise open its gold industry has allowed foreign mining firms to peek into an Aladdin's cave of opportunity, but behind the glitter lies a quagmire of bureaucracy and confusion, reports AFP.

So tightly sealed was the country's gold sector in the

past, that annual output was a state secret until last year, when the government allowed a degree of transparency to encourage foreign investment in an industry that has struggled more than most to cope with market reforms.

Decades of central control has meant that, below the state level, the industry's organisation is highly complex, with quasi-independent gold bureaux, corporations and production enterprises existing at all levels of government.

At present, power is often arbitrary and personal, control is ambiguous and disputed, and authority unpredictable, said David Owens, President of Canada's Asia Minerals Corp (AMC).

AMC in September formed the country's first gold joint venture with China's largest producer, Zhaoyuan Gold Industrial Corp (ZGIC) in the northeastern province of Shandong.

Coastal Shuangou accounts for 25 per cent of China's annual gold output, which officially stood at 105 tonnes last year but which the International Gold Council estimates at 130 tonnes — ranking it sixth in the world.

Labyrinthine bureaucracy and an absence of legislative guidelines meant the 72-million dollar contract to expand

the low grade Yingzhong gold mine in Zhaoyuan county required two years of negotiations, including a one-year wait between preliminary and final approval from the central government.

According to AMC's chief representative in Beijing, Tim Sun, China's gold industry is desperate for foreign investment to provide badly needed technology and replace state funding that was all but withdrawn after sectoral reforms two years ago.

The experiment with foreign investment — begun in mid 1993 — has been extremely tentative, with only 10 low grade deposits offered to overseas mining corporations, who are excluded from any exploratory operations.

"They're very territorial. They want to control the situation, which is why they say you can expand an existing mine but cannot have one of your own," Sun said.

This is the fundamental conflict between the Chinese government and foreign firms, a lot of which are lobbying for policy changes in line with international practice," he added.

Friction with the authorities is not restricted to overseas companies, according to ZGIC Vice Manager Lu Dongshang, who has his own litany of complaints.

## Oil tanker collides 30 MT crude spills into waters off Singapore

SINGAPORE, Feb 18: Three people were slightly injured and an estimated 30 tonnes of crude spilled into waters off Singapore when a cruise ship collided with an oil tanker overnight, port officials said today, reports AFP.

The Maritime and Port Authority (MPA) said the Langkapi Star Aquarius, a cruise vessel, collided with a very large crude carrier (VLCC), the "Stressa," at about 10.36 pm (1436 GMT) Friday outside Singapore port limits.

One of the tanks of the carrier was punctured and oil spilled from a small hole on the port side, an MPA statement said.

Action is being taken to mitigate and combat the oil spill," it said.

The cruise vessel was damaged but has returned to a Singapore pier, the statement said, adding that it was "in no danger of sinking."

An MPA spokesman said the Singapore police coast guard listed one crew member and two passengers of the cruise ship, which had 656 passengers and 784 crew aboard, as slightly injured. They have undergone treatment.

## Continental begins distributing profit-sharing cheques

HOUSTON, Feb 18: Continental Airlines' 30,000 employees are seeing their first windfall from a profitable year, reports AP.

The airline Thursday began distributing 31 million dollars in profit-sharing checks to eager workers.

"It's been an uphill battle," said mechanic Gary Dillard, recalling the carrier's previous bankruptcy and pay cuts taken over the years.

Continental set up a stage in a lobby at Houston Intercontinental Airport and decorated it with canvas money bags as Chief Executive Gordon Bethune handed out checks to 72 employees selected to attend the ceremony.

## ME shopping festival likely to draw 1.5m people in Dubai

DUBAI, Feb 18: Visitors from overseas began arriving Thursday for the lunch of the Middle East's biggest shopping festival, which organisers hope will draw 1.5 million people, reports AFP.

But managers at some of the 2,500 retail stores offering price reductions for the six-week, "shop-top-you-drop" gala said the number of shoppers had increased only slightly over previous days.

They added that some people have begun arriving from neighbouring Gulf states like Bahrain, and expected crowds to increase after iftar, the evening meal marking the end of fasting during the Muslim holy month of Ramadan.

Although most visitors are expected from the Gulf region,

hundreds of people have so far made reservations from as far as Thailand, Pakistan, Greece and Ireland, tour operators said.

Immigration officials at Dubai International Airport said they were busy with people arriving for the festival but gave no figures.

Feng Yuxin of Hubei province in China told AFP at a shopping mall that he had timed his visit to Dubai, where his wife works as a nurse, to coincide with the shopping festival.

"If we find nice things we will buy them," his wife Wang Jian Feng said, adding they hoped to buy a dress for their daughter as well as earrings, cameras, watches and toys for family and friends in China.

Shoppers are being lured to thousands of stores offering price reductions of between 20 per cent and 70 per cent as well as to 200 shops in the gold souk which are raffling off a kilogram of 24-carat gold daily.

Customers will also have the chance to win daily raffles for luxury cars. On sale are electronics, cars, computers, clothes, foodstuffs, machinery, and home appliances.

They are booking into hotels at discount rates and can attend a series of international cultural and sports events being staged as part of Dubai's ambition to put itself on the world map.

In a surge of interest from Thailand, up to 14 groups of between 25 and 72 Thais are due to arrive on Monday at the start of the Chinese New Year, the assistant operations manager at Net Tours, Saheeb Mushtaq, said.

"Last year we had groups (visiting Dubai), but not that many," Mushtaq said, "instead of going to Austria and New Zealand, they are going to Dubai."

But more groups would have come during the Chinese holiday if the hotels in Dubai were not full because of the Eid (feast) which caps the month of Ramadan and which is set to begin on Monday, Mushtaq added.

Although sales began on Thursday, the festival officially opens on February 22 at the end of the Muslim holiday, organisers said.

Meanwhile, several five-star hotels in Dubai said reservations from abroad were so far lower than they expected for the period between the end of Eid and the end of the festival on March 26.

Groups are travelling to the festival from Pakistan, which is new because Pakistanis usually come to Dubai to stay with relatives working here rather than in hotels, Mushtaq said.

He added groups have booked from Ireland and Greece, and he has received many inquiries from South Africa. Festival organisers, said they also expected shoppers from Iran, Eastern Europe, Russia, Central Asia, and India. Fathollah Ghias, an Iranian who has two out of 12 shops offering reductions, said all stores in Dubai will see sales increase.

## Oil for food talks

## Iraq, UN hold rare weekend session

UNITED NATIONS, Feb 18: Iraq and UN officials held a rare weekend session on Saturday, but Iraq's chief negotiator indicated little progress has been made in 10 days of oil-for-food talks, reports AP.

"Everything is to be resolved. We are touching everything, but we are not finalizing anything yet," Abdul Amir al-Anbani told reporters as he arrived at UN headquarters.

Al-Anbani said he hoped the talks would lead to a memorandum of understanding which could lead to further negotiations aimed at resuming sales of Iraqi oil for the first time in five and a half years.

The UN Security Council imposed sanctions and banned Iraqi oil exports after Iraq invaded Kuwait in 1990. The council refuses to lift sanctions until it is convinced Iraq has complied with UN orders to dismantle its weapons of mass destruction programmes and make full disclosure to international inspectors.

Few details of the talks have been released. But al-Anbani indicated the two sides had not made significant progress and were undecided on how the negotiations would proceed.

Asked if the talks would end by Monday, al-Anbani replied, "Let us hope."

Last April the council offered to let Iraq sell one billion dollars worth of oil every 90 days to pay for food pay reparations to Kuwait and fund UN monitoring operations in Iraq.

Iraq at first refused the offer, saying it was an affront to its sovereignty. But last month, Iraqi President Saddam Hussein agreed to discuss the plan. Talks at the United Nations began on February 6.

Under the offer, Iraq would be required to sell the larger share of its oil through a pipeline which crosses Turkey to the Mediterranean Sea.

## Citibank sets up office in Israel

TEL AVIV, Feb 18: Citibank has opened a representation office in Israel, becoming the first US bank to set up in the Jewish state, says AFP.

The bank's vice president, Bill Votaw, said investment opportunities were opening up in Israel after the signing of accords between Israel and the PLO giving Palestinians limited self rule.

## Daimler, Microsoft strengthen partnership

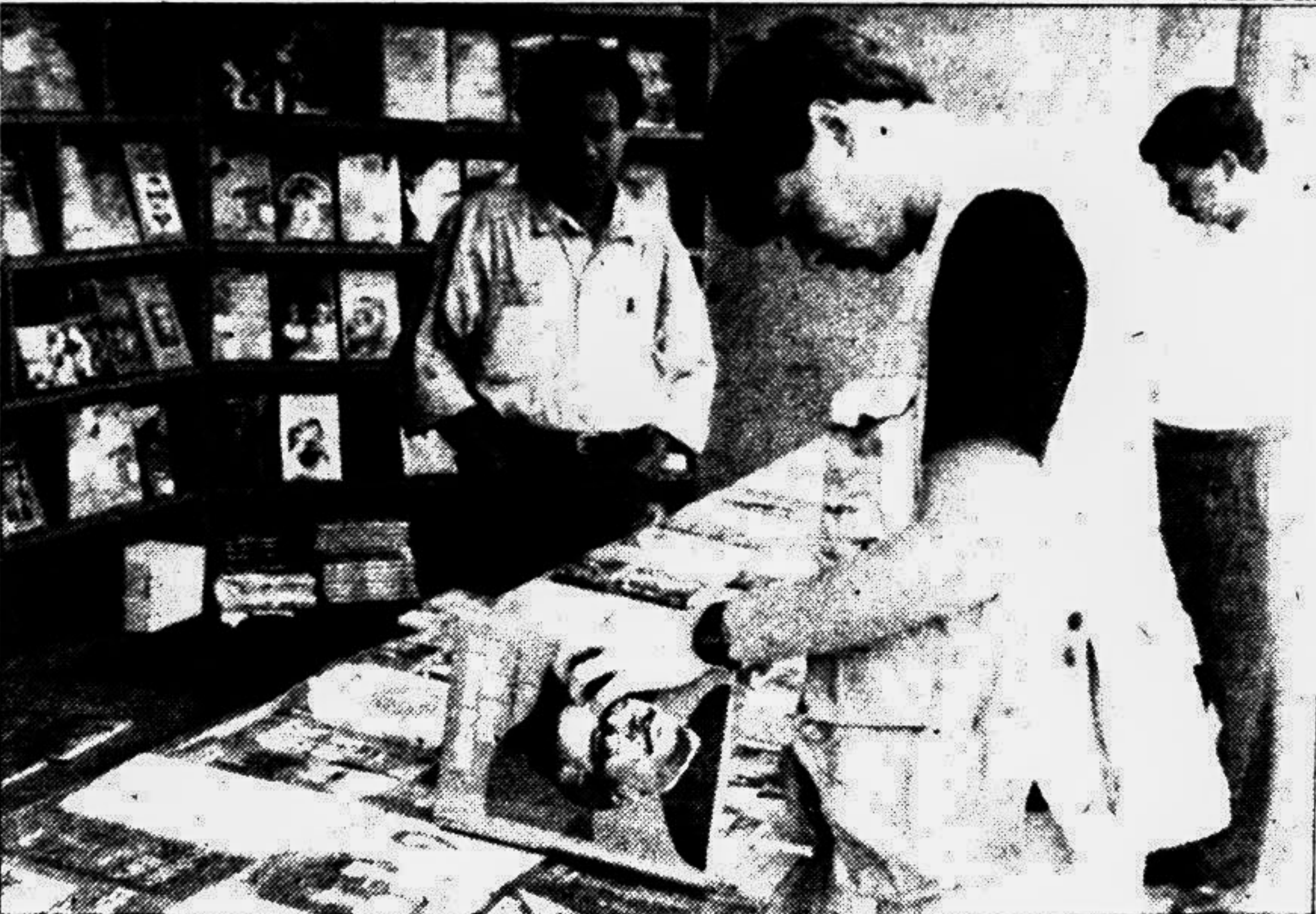
STUTTGART, Germany, Feb 18: The financial services subsidiary of Daimler-Benz AG and Microsoft Corp agreed Friday to work closer together in developing computer "information technology," reports AP.

Microsoft chairman Bill Gates and Klaus Mangold, chairman of Daimler-Benz InterServices AG (Debis), signed a memorandum of understanding in Stuttgart, Daimler said in news release.

The companies plan to further develop intelligent technologies in the fields of information and communications technology," Daimler said.

Daimler and Seattle-based Microsoft plan to "strengthen their present business relationship and together open new markets, especially in the fields of telematics and online services," Daimler said.

It added they plan to develop intelligent technologies and new, as of yet unknown products.



A foreign journalist seen visiting a stall at the Ekushey Book Fair at Bangla Academy premises yesterday.

# Role of capital market in privatisation

By Dr Lawrence J. Gomes

The active and broad-based capital market (trading stocks and bonds issued by the corporations) is essential to the success of a privatisation programme. Privatisation has become a key feature in improving productive efficiency in developed and developing countries like Bangladesh.

In developing countries, the push for privatisation has also emerged as a policy issue to halt the debt crisis and worsening fiscal performances of the early 1980s. The economic rationale for this policy push is that the profit stream that can be extracted from the assets in the hands of private owners is higher than those operated under public ownership.

Privatisation increases total factor productivity and factor income which would increase the tax revenue base in the developing countries. Broadly defined, privatisation embraces denationalisation or selling-off state-owned asset, competitive tendering, together with the introduction of private ownership and market arrangements.

The economic principles that highlight the move from public ownership to privatisation as a vehicle to improve productive efficiency has rested on two main arguments. First, it is claimed that private ownership promotes productive efficiency through the incentives and disciplines provided by the free market.

The production and the sale of goods and services by the state-owned enterprises in the market are not compatible with the pursuit of efficiency because, the waste of resources, poor quality of products, and losses incurred by the enterprises do not result in any monetary losses to the management and other employees.

Second, as economist Alchian has pointed out, the inherent efficiency differences between public and private enterprises arises from property rights: the argument that the broadly dispersed ownership rights combined with the nontransferable ownership rights reduces the incentives of public owners (voters or taxpayers) to monitor the performance of public management.

On the other hand, the more incentive-based and transferable ownership structure of private enterprises generates incentives for shareholders in the capital market to monitor the managerial performance.

The privatisation and the growth of the capital market are complementary to each other. The capital market would provide the venue through which State-Owned Enterprises (SOEs) will float new shares to the prospective investors in the primary market. To make the primary market attractive to the new investors in buying shares of the newly privatised enterprises, a smooth functioning of secondary market is a must.

The secondary market provides the opportunity to buy and sell the previously-issued shares of different companies. Privatisation also heralds the development of a broad and deep capital market.

Large scale privatisation leads to higher market capitalisation and greater liquidity. In developing countries like Bangladesh, where the capital market is very narrow and thin, privatisation would help expand the capital market by attracting foreign capital. The capital markets in other Asian countries are being invigorated with increased liquidity by the inflow of foreign capital. The local and regional newspapers are running the headlines, i.e., "Foreign funds pouring into Asian Stock markets" and are reporting that in 1996 the volume of funds would surpass the record inflows of 1993.

Unfortunately, due to the political uncertainties in the country, Dhaka Stock Ex-

change is being deprived of this inflow of funds — an important source of liquidity in the market.

The holding of equities in privatised companies by the general population could create a broadly-based "shareholder culture" while giving the public at large a direct stake in the performance of privatised companies.

Recently the World Bank noted that where privatisation is politically unattractive and widely perceived as benefiting only the rich and powerful, popularising share ownership can provide policy-makers and legislators with the "political cover" necessary to push painful reforms through resistant legislative bodies.

The greater public participation through broad-based ownership would reinforce support for and the sustainability of the privatisation agenda.

In many countries, governments have undertaken programmes to encourage popular equity ownership. Some distribution schemes have given preferential treatment to small investors in share allocation and sales to small investors are done at preferential prices.

In some cases incentives are offered for small investors to retain their shares for specific periods. Marketing of

shares entails advertising campaign in mass media to persuade the public which may never have owned equity before, to purchase share.

The Dhaka Stock Exchange should advertise in the electronic and print media the benefits of enlisting publicly held companies with the Exchange.

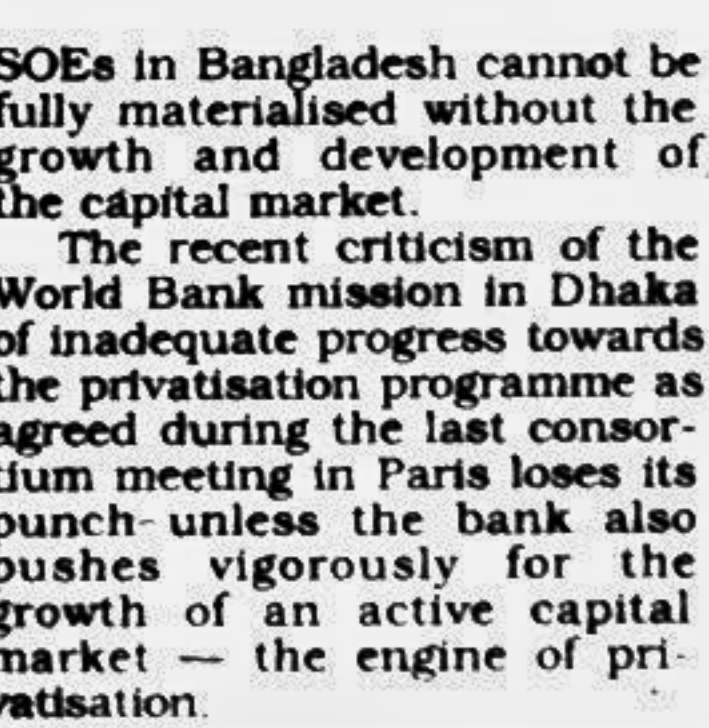
The experience of most countries is that institutional investors are becoming dominant players in the capital market. In those countries, where the institutional investors community lags behind, the government will have to consider measures to foster their expansion. An additional step toward modernisation of the institutional market could come in the form of further deregulation of the rules governing investments by institutions, especially the pension funds. Currently no Bangladesh pension funds invest any portion of their assets in stocks.

It could be safely said that the active participation of pension funds will help solve the poor liquidity situation of the Dhaka Stock Exchange and would provide a solid support to the privatisation programme in Bangladesh.

The donor countries and international development agencies should realise that the privatisation agenda of the

SOEs in Bangladesh cannot be fully materialised without the growth and development of the capital market.

The recent criticism of the World Bank mission in Dhaka of inadequate progress towards the privatisation programme as agreed during the last consortium meeting in Paris loses its punch unless the bank also pushes vigorously for the growth of an active capital market — the engine of privatisation.



Dr Lawrence J. Gomes teaches Economics at the University of Wisconsin, West Bend and Milwaukee, USA. A recipient of Rotary International Foundation Award for teaching in developing countries, Dr Gomes is now in his home country as a visiting professor.

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Stores & Purchase Directorate Fax: 880-2-893028  
Ref: DACPB/Int'l Tender/022/96 Date: 05-02-1996

## International Tender

Sealed tender is hereby invited for supply of "Ramp Coach" QTY-02 from Manufacturers/Suppliers/Local Agents/Indentors to Biman Bangladesh Airlines.

Tender schedule with detailed specification, terms & conditions will be available at a cost of USD 25.00 or BDT 1000.00 per set for which an Application in Company's Letter Head Pad Addressed to Accounts Officer, Cash & Banking, Biman Admin Building, Zia Int'l Airport, Dhaka and Asst. Manager (Accounts), Cash & Banking, Biman Head Office, Motijheel Commercial Area, Dhaka as well as with Finance Manager, Biman, Bangkok, Singapore, Dubai, Hong Kong, Tokyo, Frankfurt, Paris, London, Rome, Amsterdam & New York on cash payment (Non-refundable) on all working days up to 27-03-1996.

The last date of tender submission is 28-03-1996. Biman Management reserves the right to accept/reject any or all tenders, increase or decrease the quantity of item(s) without assigning any reason whatsoever.

DPP-3708/13/2 Dy. General Manager  
G-277 S&P (Commercial)

## Tender Notice Military Engineer Services (Army)

1. Applications are invited by AHQ, QMG's Br, DW&CE (Army) Dhaka Cantt for issue of tender documents for the following works. Applications to be submitted within 07 days from the date of publication of the advertisement.

- Constr. of 1xSM Bk for 10 NCO's & 200 Men (6 storied) with CH/DH incl. internal/external svcs at Savar Cantt.
- Constr. of 1xSM Bk for 10 NCO's & 200 Men (6 storied) with CH/DH incl. internal/external svcs at Dhaka Cantt.
- Constr. of 2x10 Mrd OR's Qtr (5 storied) incl. internal/external svcs at Rajendrapur Cantt.

2. MES approved 'A', 'B' & 'C' class contractors may apply quoting their Class & Index Number. One contractor will be eligible for applying at a time for a single job out of this notice. Contractors must have VAT registration certificate and VAT will be recovered from the amount received on services rendered. Applications should be submitted by post.

3. Authority preserves full power to accept/cancel any/all applications without assigning any reasons.

ISPR(Army)96/332 DW&CE (Army)  
DPP-3786-13/2 Dhaka Cantt.  
G-279