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The Daily Star BUSINESS

DHAKA, TUESDAY, MAY 7, 1996

**HYUNDAI**

CARS THAT MAKE SENSE

New chairman of Rhône-Poulenc Rorer

AIM Najmul Alam, Chairman of the Bangladesh Chemical Industries Corporation (BCIC), was elected Chairman of the Board of Directors of Rhône-Poulenc Rorer Bangladesh Ltd. reports UNB.

Shareholders at the company's 36th annual general meeting yesterday also reappointed AKM Shamsuddin Managing Director of the pharmaceuticals.

Alam will represent Bangladesh government at the five-member board while Shamsuddin represent May and Baker, UK, the parent company of Rhône-Poulenc Rorer, a press release said.

At the meeting, shareholders decided to declare the interim dividend paid out earlier as final dividend.

The AGM, chaired by AIM Najmul Alam, took note of various factors that affected the business of the multinational company in Bangladesh during 1995 and in the first quarter of the current year.

Shareholders, however, expressed confidence that losses could be overcome with business environment improving following installation of the caretaker government.

They expressed concern at the erratic power supply in Tongi where the company's plant is located.

Lanka launching campaign to attract tourist

COLOMBO, May 6: Sri Lanka is launching a big international public relations campaign to try to erase its image as a war zone and attract tourists and foreign investment, the country's tourist board chairman said today.

"The image in the market is that Sri Lanka is a war-torn country, but the ground situation doesn't warrant that," Ceylon Tourist Board Chairman H M S Samaranyake told Reuters.

Sri Lanka, formerly Ceylon, would spend about 5 million US dollars promoting itself to foreign investors, businessmen and tourists, he said.

The armed forces have been battling the Liberation Tigers of Tamil Eelam since 1983 in a war largely contained in the north and east and away from attractions such as the southern beaches, the central hill country and a cultural triangle of ancient Buddhist capitals.

The rebels have hit military and economic targets in Colombo, including a suicide bomb attack on the central bank in January which killed almost 100 people.

Tourist arrivals dropped 30.6 per cent in February to 29,550 from 42,591 a year earlier, according to tourist board figures.

70m Chinese fat thanks to economic reform

BEIJING, May 6: In a nation that fought famine for centuries, now more than 70 million Chinese are overweight, reports AP.

That is according to a recent survey — the first ever in China — by the China Medical Association's Scientific and Technological Development Centre and the Obesity Research Centre of the China Health Sciences Institute.

The results of the survey were reported in Sunday's China Women's News. It did not say how the survey was conducted or the standard for determining who was overweight.

The figure represents less than 6 per cent of China's population of 1.2 billion, but shows how times have changed.

Over the centuries of battling starvation, China developed a culture where saying someone has gained weight was considered a compliment because it suggested prosperity.

But almost two decades of economic reforms have brought unmatched prosperity to many Chinese, and with it modern life, such as obesity. The first signs of the problem emerged in the early 1990s when schools and hospitals began holding 'fat camps' for overweight children during school holidays.

But the survey now has found that more than 40 per cent of Beijing adults are overweight, the newspaper said.

Another recent newspaper report blamed the increasing weight problem on the arrival of Western fast food chains such as McDonald's, Kentucky Fried Chicken and Pizza Hut, which have numerous outlets in Beijing alone.

There are remote parts of China, however, where people live below the poverty line and cannot get enough to eat.

Ctg Port faces fresh space congestion

From Staff Correspondent

CHITTAGONG, May 6: Chittagong Port faces a fresh space congestion in its yards as about 13,500 containers of import cargo remain dumped there.

According to port sources, the space crisis has forced temporary suspension of unloading work in four container vessels anchored in the port jetties for the past few days.

Over 2,000 containers of import cargo were on board those four container ships now awaiting unloading.

The space congestion was, however, attributed to slow delivery of containers taken by the importers in addition to a week-long closure on the occasion of Muslim festival.

Meanwhile, measures were underway to expedite the delivery of containers for overcoming the space crisis quickly.

On the other hand, port officials claimed that there was no congestion of ships both at the jetties and outer anchorage as number of ships calling at Chittagong Port now marked a downward trend.

They informed that at least five or six jetties out of 15 were lying empty in recent days with the sliding down of trading activities during the political unrest in the months of February and March this year.

China needs to ease credit to fight rural unemployment

BEIJING, May 6: China needs to ease credit if it is to fight rural unemployment and help ailing state enterprises to modernise, the Chinese Academy of Social Sciences said in a report released yesterday, according to Reuters.

The report forecast that China's gross domestic product would grow 10.0 per cent in 1996 — slightly below last year's 10.2 per cent but still two percentage points above this year's official target.

Conditions, however, may prompt relaxation of the country's three-year-old credit squeeze, the academy said in a report issued by Xinhua news agency.

China needs high growth to solve worsening unemployment in rural areas and to help tens of thousands of state enterprises face the competition of a market-driven economy, it said.

China gives no figures for unemployment but says more than 100 million of its 450-million-strong rural workforce may be underemployed. About 60 million people have left the land to seek city jobs.

China has been trying to cool an overheating economy, but growth has consistently outstripped official targets.

Annual GDP growth averaged 12 per cent in 1991-95, a boom that pushed inflation to a Communist-era high of 21.7 per cent for retail prices in 1994.

The government clamped on a credit squeeze in mid-

1993 and the economy had appeared to slow at the beginning of this year. But year-end figures could now be higher than expected, the academy said.

Last year's record 466 million tonne grain harvest is fueling growth, and so is rapid economic expansion in neighbouring states, it said.

The central bank cut base lending rates last week saying inflation had been reined back, but stressed it had made no relaxation of the tight money policy.

The academy report said state-owned enterprises needed more funds to implement far-reaching reforms.

Body on quality management formed

Bangladesh Society for Total Quality Management has been formed with a 15-member ad-hoc committee, says a press release.

It was formed in the city on Saturday at a meeting of the like minded professionals, business executives and entrepreneurs.

The committee is headed by Mofied Doula, Managing Director of Micro Electronics Limited while its General Secretary is Mokarram Uddin Ahmed, Managing Director of Eastern Electron (BD) Ltd.

SIA takes delivery of two 'Celestar' A340s

Singapore Airlines, the worldwide launch customer for the Airbus A340-300E, the extended-range model of the A340 — took delivery of the first two such aircraft recently, says a SIA press release.

Dr. Cheong Cheong Kong, SIA's Managing Director, officially received the two aircraft at a ceremony at Airbus Industrie's plant in Toulouse, France.

"We rate the aircraft highly in terms of economy, modernity and comfort — it is a star performer in all categories," said Dr. Cheong. "Inspired by this, we have decided to name our A340-300E the 'Celestar'."

The two 'Celestar' A340s, powered by CFM56-5C4 engines, will enter service in May on routes to Bangkok, Jakarta and Melbourne, followed later by Sydney. The long-range capability of the aircraft will be fully exploited in October this year, when it begins operating non-stop services to Paris.

The 'Celestar' A340, acclaimed as the quietest cabin in the sky, has several firsts in the areas of passenger comfort and entertainment.

The aircraft are fitted with SIA's state-of-the-art inflight entertainment system, KrisWorld, in all three classes.

With the delivery of the first two Celestar A340s, the Airline's fleet size will increase to 73 aircraft.



A delegation of the Foreign Investors Chamber of Commerce and Industry headed by its Vice President Jean Pierre Raynaud called on Adviser for Energy and Mineral Resources and Water Resources Dr Jamilur Reza Chowdhury at his office in the city yesterday. — PID photo

KL economic growth forecast to ease in 5 yrs

KUALA LUMPUR, May 6: Malaysia's economic growth will ease over the next five years and its worsening current account deficit will turn into a surplus, the government's Economic Planning Unit (EPU) forecast today, reports Reuters.

Economic growth will average 8.0 per cent a year between 1996 and 2000 against 8.7 per cent in the previous five years, the EPU said in a five-year plan tabled in parliament.

Eight straight years of more than eight per cent annual economic growth have sparked concerns Malaysia's economy was overheating with widespread labour shortages and infrastructure bottlenecks. The growth has largely been driven by foreign investment, but that has also helped swell Malaysia's current account deficit as investors imported equipment for their projects and sent the profits back home.

The EPU projected the current account deficit — which spiralled to 17.8 billion ringgit (7.14 billion US dollars) in 1995 from 11.0 billion ringgit in 1994 — would turn into a surplus by the year 2000.

In the pursuit of rapid growth, the government will ensure that there is sustainable development, the EPU said in a reference to show that the environment would be protected in Malaysia's rapid development.

Africa sees highest econ growth rate in '95

ADDIS ABABA, May 6: The United Nations Economic Commission for Africa (ECA) said today that the African economy experienced its highest annual growth rate in 1995 since the beginning of the decade, reports Xinhua.

In its 1996 report on the economic and social situation in Africa, the ECA said the Gross Domestic Product (GDP) of the African region grew by 2.3 per cent in 1995, compared to the revised figures of 2.1 per cent for 1994 and 0.7 per cent in 1993.

It said, Africa's least developed countries (LDCs) also experienced an improvement in income performance for the first time since 1992, adding that the real GDP growth rate for the 33 African LDCs stood at 2.4 per cent in 1995, against -2.4 and -1.6 per cent in 1993 and 1994, respectively.

The report said only three countries experienced negative growth in 1995 compared to 14 in the previous year, while eight countries exceeded six per cent growth in 1995. 19 African countries registered GDP growth rates between three per cent and six per cent while 23 countries recorded growth rates from zero to three per cent, the report added.

The report pointed out that 27 African countries experienced GDP growth rates in excess of population growth rates in 1995 and it indicated that

overall growth trends in Africa are beginning to gather momentum towards the recovery evident in the global economy.

The report said, the growth in GDP was related mostly to the good performance of the manufacturing sector and a modest rebound in the mining sector. Growth rate of agriculture, the mainstay of the African economy, recorded only 1.5 per cent and food production in Sub-Saharan Africa as a whole fell by 1.4 per cent, it said.

The report said there were improvements in Africa's trade performance in 1995, adding that export earnings increased by 11.1 per cent compared to 4.9 per cent in 1994 while the value of imports rose on the other hand by 12.8 per cent compared to 7.3 per cent in 1994.

It said foreign direct investment flows to Sub-Saharan African countries declined by almost 27 per cent in 1995, from 2.9 billion US dollars in 1994 to 2.2 billion dollars while in the same year foreign direct investment flows to developing countries at 90.3 billion dollars.

Referring to the external debt and debt-servicing obligations of Africa, the report pointed out that it is estimated to reach level of 322 billion dollars in 1995, growing by almost four per cent over the 310 billion dollars recorded in 1994 and representing 70 per cent of the regional GDP and 250 per cent of exports.

BRIEFS

BEIJING, May 6: China's gross domestic product is expected to grow 10 per cent in 1996, higher than the government target of 8 per cent to 9 per cent, according to a forecast from the Chinese Academy of Social Sciences.

Last year's record grain, harvest and strong economies in neighbouring countries will fuel China's growth in 1996, according to a Xinhua News Agency story on the report late Sunday.

High growth is needed to combat rural unemployment and to reform state-owned enterprises, the CASS report said.

China's GDP increased at an annual average rate of 12 per cent during the 1991-1995 period, which caused the economy to overheat. Retail price inflation hit a post-1949 high of 21.7 per cent in 1994, but government measures forced the rate down to 14.8 per cent in 1995 and to 7.7 per cent in the first quarter of 1996.

State-owned Export and Import of China is expected to receive 20 million dollars from the government to expand its export credit insurance in 1996, according to Monday's China Daily.

China is adjusting its export structure by increasing the proportion of machinery and electronics exports. This requires a broadening of export credit insurance to provide compensation for exporters if customers abroad fail to pay for the goods ordered, the report said.

1995, Eximbank provided export credit insurance to 22 export projects with an insured value of 161 million dollars. It also signed letters of intent to give such coverage to medium- and long-term projects with a combined insured value of 647 million, said China Daily.

In addition, the bank extended 213 million dollars in export credit guarantees last year, the newspaper noted.

Eximbank is one of China's three state-owned policy banks that grant loans according to government mandate, rather than purely commercial grounds. Only Eximbank and the state-owned People's Insurance Co. of China provide export credit insurance in China.

PHNOM PENH: Cambodian officials expressed hope Monday of luring hundreds of millions of dollars in investments from wealthy Malaysia by bolstering links between shipping ports in both countries.

Chap Satharith, a Cabinet official, said that port agreements would be signed Tuesday by the Cambodian government and an 86-member trade delegation from Malaysia's Pahang region.

"We want to know what you can offer to us to make investments in Cambodia," delegation leader Tan Sri Khalil, chief minister of Pahang, told finance ministry officials in a meeting Monday.

Satharith predicted that hundreds of millions of dollars of investments would result from the delegation's study of Cambodia's rubber and palm oil industries, tourism sector and potential for seaborne imports and exports.

Investment hinges on development of Cambodia's only large seaport, Sihanoukville, which already lags in meeting commitments to the country's largest single investor, Malaysia Ariston.

The government has reportedly created a development authority including both Cambodia's prime ministers, to push improvements in Sihanoukville's infrastructure promised Ariston under a 1.3 billion dollars deal to build a nearby luxury hotel-casino complex.

The delegation's four-day visit ends Thursday.

Auckland, New Zealand: Air New Zealand has lodged an appeal in the High Court against the rejection of its bid to buy half of Australia's domestic Ansett airline by the country's competition watchdog.

The Commerce Commission, Airline spokesman, David Beaton, confirmed the appeal was lodged last Friday, but declined further comment on what is now a judicial process.

Air NZ's time for appeal against the Commission's decision was about to run out, and is seen as a fallback move.

The court application may not be necessary if Ansett Australia, owned by News Ltd., Rupert Murdoch's company, goes ahead with its intention to buy TNT's stake in Ansett New Zealand and gains approval for that.

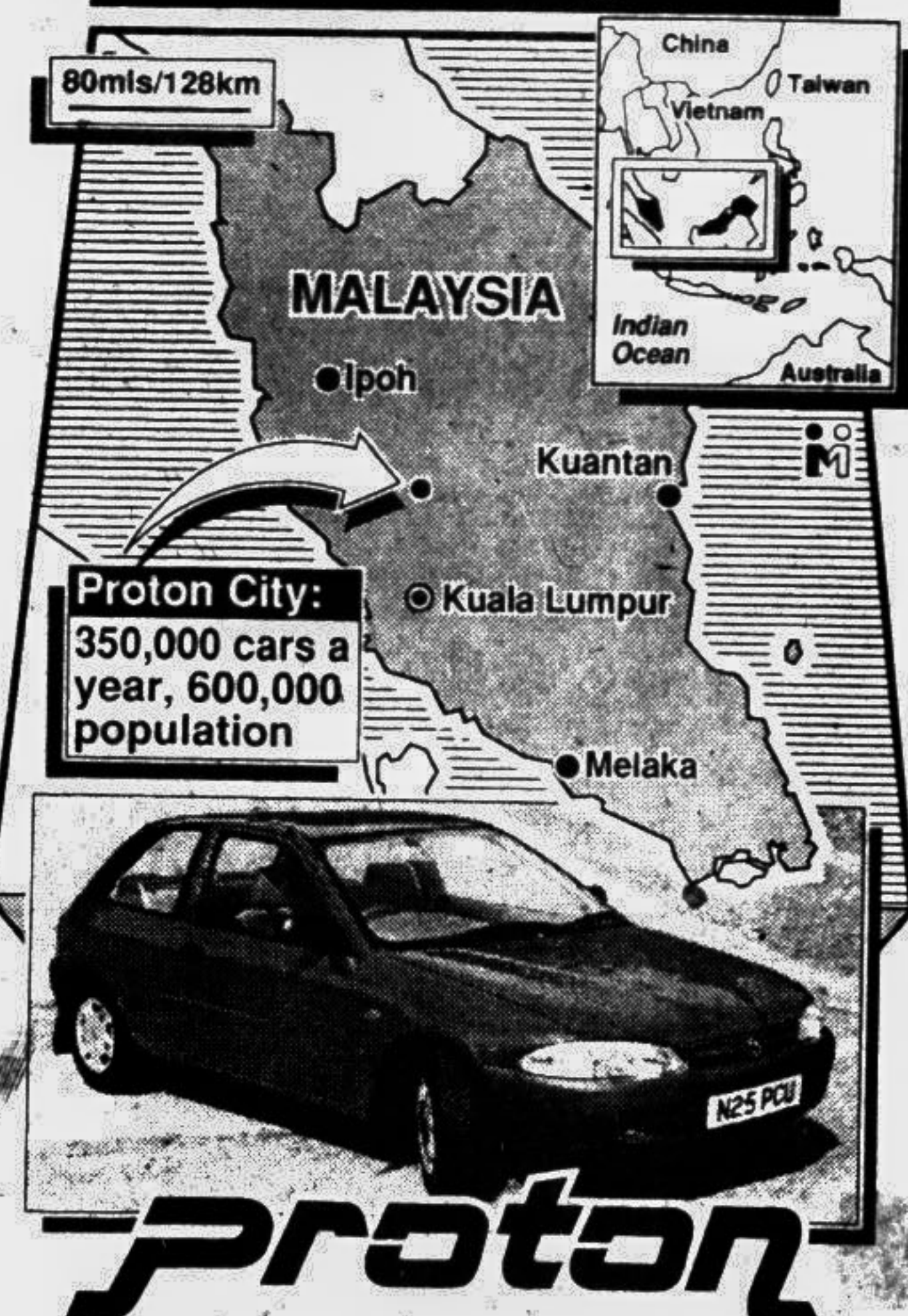
News Ltd. is expected to announce the deal this week and clearance could come in 10 working days.

Air New Zealand would then proceed to buy a half stake of Ansett Australia without affecting competition in New Zealand's domestic airline sector.

The Commerce Commission rejected Air NZ's bid to buy TNT's 50 per cent stake in Ansett Australia because Ansett Australia owns 100 per cent of Air NZ's main domestic rival, Ansett NZ.

— Source AP

In the driving seat



Malaysia pressing ahead with plan to build major car centre for Asia

Bob Holmes writes from Kuala Lumpur

Little over a decade after its first Proton car rolled off the production line, Malaysia is pressing ahead with an ambitious plan to build a major motor centre for Asia.

A motor city is being built on a jungle site 90 kilometres north of Kuala Lumpur. With a capacity to produce 350,000 cars a year and eventually house 600,000 people, Proton City represents phenomenal progress even by Malaysian standards of economic acceleration.

The aim is to build a motor centre to surpass Japan's Toyota City, home of the renowned marque.

Production at the new site is due to start in three years and the company hopes that by 2000 it will be able to boost current exports by at least two-thirds.

Prime Minister Mahathir Mohammad applauded the export plans at the project's ground-breaking ceremony earlier this year, saying: "The plant, when fully completed, will boost production to 500,000 units per year, of which only 250,000 could be sold on the local market."

There are fewer sceptics around now than there were in 1985 when the humble

product of a joint venture with Japan's Mitsubishi trudged uncertainly into a dubious world.

The original Proton Saga was an unpretentious sedan made up mainly of Japanese parts, and said to be in "Malaysian style." A modest 8,600 were produced in the first year while the country was deep in recession.

Although the Malaysian motor industry was no more than a twinkle in Mahathir's eye when the recession bit in 1983, it has been one of the most important cogs in helping sustain a national growth rate of more than eight per cent a year since 1987 for the up-and-coming Asian "tiger" economy.

At the first Proton plant, near Kuala Lumpur, annual production currently tops 157,000 cars, with exports to 28 countries. Numerous models have been launched, while technology transfers have helped increase the number of locally-made components from only 228 in 1985 to 3444 now. This puts the company well on the way to meeting its target of producing an all-Malaysian car by 2000.

Proton's success inspired the launch of a second national

company, Perodua, whose small Kancil 660 cc. car has grabbed 18 per cent of the market since last August.

Other recent ventures include the sporty Satria, the Rusa, a 1.3 litre multi-utility vehicle or "people mover," and the Tiara, a joint enterprise between a Malaysian consortium and Citroen.

In addition, a Proton assembly plant has been built in the Philippines in an 80 million dollar joint venture with a local partner, expected to generate 200 jobs and produce 31,000 vehicles a year.

Boosted by Proton's warm welcome around the world and a voracious domestic market, Mahathir was able to tell visitors to the Langkawi International Motor Show last November that Malaysia "looks ready to become a centre for the production of cars for the rapidly growing Asian market."

There have been inquiries from many countries keen to import Proton cars, while the Kancil will also be exported once local demand is satisfied.

However, he has warned workers not to demand high wages "like many in the European car industry had, only to end up unemployed. We don't want such things to happen here."

The 1.5 billion dollar Proton City project will include a technology centre and test track, housing, social and recreational facilities and theme parks, while 20 per cent of the 1,600 hectares is to be preserved as green belt. Component manufacturers will be located near the main plant.

Nine other major projects will occupy a total of 5,800 hectares between the Slim River and the town of Tanjong Malim in Perak state, with the aim of propelling the former silver and tin mining region into a new era of economic prosperity.

Perak's Chief Minister, Ramli Ngah Talib, says the scheme could be an improvement on Toyota City because "we have completely new area to plan and develop. We are looking ahead and are even considering setting up a university in the area."

Proton chairman Yahaya Ahmad sees the development as "another landmark on the path to Malaysia becoming a fully developed nation by 2020." **Gemini News.**

(Bob Holmes is a freelance journalist based in Kuala Lumpur)

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(Bob Holmes is a freelance journalist based in Kuala Lumpur)

Karachi bleeding while Lahore sprawling as business centre

LAHORE, May 6: When Lever Brothers decided to launch Walls ice cream in Pakistan recently, the venue for the big promotional bash was Lahore, according to IPS.

Lahore, till recently a small-town cousin of the part city of Karachi, has been growing at that city's expense. Business has been shifting allegiance ever since Karachi slipped into a vortex of violence in which 1,700 people have been killed in the past year.

"No one says that it's because of the situation in Karachi," says a businessman in Lahore. "But it just makes a lost more sense for big events to be planned in a city where you can be more or less certain something won't get cancelled at the last minute because of a strike."

Ten years ago, cosmopolitan Karachi considered Lahore rustic. Pakistan's other big city, the capital Islamabad, which was built after independence, has never been any-

thing but a seat of government. But years of bloodletting has sapped Karachi's spirit. And the capital of prosperous Punjab province has emerged as a business centre, with sprawling shopping malls, restaurants and an increasingly lively night-life.

A city that took pride in never sleeping, Karachi now turns in early most days, although there are times when a visitor could be lulled into thinking that the old spirit survives.

"We still go out to eat at one o'clock in the morning at boat basin in Clifton," says Amjad Parvez, a designer who though born and brought up in Lahore moved to Karachi 22 years ago.

Parvez admits that Clifton and Defence Colony — both exclusive residential areas in Karachi's south — are now about the only places left where you can do this. Prime Minister Benazir Bhutto has a home in Clifton.

Weary Karachiites fear

things will never be the same again.

Businessmen, with family connections in other cities have transferred their resources and moved to the safer Punjab province where they say they can at least carry on with their business. Punjab was Pakistan's agricultural heartland.

Mahmood Akbar, once of Lahore's best known restaurateurs, says business is booming. The transfer of people and resources from Karachi has benefited Lahore, he points out. "Many more people are going out to eat as Lahore grows and develops."

Moreover, with the city finding a place on the conference circuit, the hotel industry in Lahore is laughing all the way to the bank. Technical workshops and seminars, earlier always held in Karachi, are now hosted by Lahore.

Hotels here are turning down bookings, while in Karachi the industry is trying

to entice guests with huge rebates. The manager of a leading hotel here says the workforce has been steadily increasing by a steady 10 per cent over the last two years. In Karachi, hotel staff are worried about losing jobs.

Some Karachi-based companies have started asking employees if they would like to relocate. The cellular phone giant Motorola, which has a 20 million US dollar budget for Pakistan, offered its employees in Karachi the option of shifting out as the multinational plans to temporarily shut its office in that city.

Just 50 per cent of Motorola's staff members are expected to jump at the offer though. For many Karachiites, moving out of the city is an unthinkable option.

Designer Amjad Parvez, in Lahore on a three-month assignment cannot stop talking about how much he wants to go back. "People in Karachi are more turned in, more profes-

sional," he declares.

Parvez says his parents who live in Lahore are restoring him to leave Karachi. "Millions of people live and work in Karachi and have nowhere else to go... at least I have the option, when the tension gets too much, to come over for a month or so."

Parvez is emphatic that he will not be able to adjust to living in Lahore again. "In terms of opportunities, there's still no comparison between the two cities."

Despite the disruptions, Karachi is still the place for those in showbiz and professionals, says Parvez. "The 5,000 rupees 100 US dollar I am paid here for designing a set is peanuts. For a similar job in Karachi I could ask for 50,000 rupees."

The money and opportunities vary from business to business... it will take Lahore another 20 years to reach Karachi's level," he predicts. Parvez adds that his way of liv-

ing with the violence in Karachi is by not reading the papers.

"It's the occasional strikes that really taken their toll on business in Karachi," says a shopkeeper. Karachiites have learnt to carry on with their lives despite the nearly daily killings in the mammoth metropolis of over 15 million.

"There was a shot-out at Tariq road and the shopkeepers pulled their shutters down," says Faizla, a teacher in Karachi. "But an hour later, the shops were open again, and if you passed by, you wouldn't even know anything had happened."

"During the worst days, when 20