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The Daily Star BUSINESS

HYUNDAI
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DHAKA THURSDAY, JULY 18, 1996

Egypt attracts 50 pc of Arab investment

ABU DHABI, July 17: Egypt has become the most attractive country for Arab investors, receiving more than half their invested funds over the past year, an official report showed on Tuesday, according to AFP.

Egypt approved around 1.4 billion dollars in private Arab investment in the year to June 30, accounting for 56 per cent of the total inter-Arab private investment during that period, the Arab Corporation for Investment Guarantee (ACIG) said in its annual report.

Around 854 million dollars of those investments have already been pumped into Egypt, financing 61 per cent of the projects, the report said.

Syria was the second biggest recipient, with investment of 333 million dollars.

Fair demand marked at Ctg tea auction

CHITTAGONG, July 17: The weekly tea sale held here yesterday was marked by fair demand for all grades of teas but the prices for types declined, market sources said, reports BSS.

Export buyers for Poland, Pakistan and Afghanistan were active for fair quantity of fanning, but Russia, Jordan and Sudan were out of the market.

There was fairly good support from internal market including blenders.

Good liquoring dust grades were a strong feature of the sale.

Hold brokers were firm on last while the larger varieties shed by 50 poisha per kg.

Medium broken's met with only a limited demand and eased by up to Tk 2/- per kg, with heavy withdrawals. Small broken's met with a fairly good demand but were mostly easier except for the better liquoring types which shed about Tk 1/- per kg. Plain types were easier, popular varieties met with a fairly good demand, but prices declined in line with quality selling between Tk 47/- and Tk 50/- 90 per kg.

Fannings were again an easier market declining further by Tk 1/- to Tk 2/- per kg, particularly the plainer types which were heavily discounted, good liquoring types once again were a good market

but generally eased up to Tk 1/- popular types followed a similar trend and sold between Tk 47/- and Tk 52/- 50.

A total of 3,210 3,115 chests and 772 gunny sacks offer met with a good demand. All good liquoring types were well competed for and were generally firm to slightly dearer. Others eased following quality, chironomi dust was a strong feature especially the good liquoring types which appreciated substantially.

Loose tea trade lent useful support with active participation from the packeteers.

There were 22,875 chests, 459 gunny sacks and 40 bags of teas on offer.

ADB technical assistance to Pakistan

MANILA, July 17: The Asian Development Bank approved a technical assistance grant of 700,000 dollars to Pakistan for rural development, the bank said today, according to AFP.

The grant will help Pakistan's government prepare the Malakand rural development project which is aimed at reducing poverty, especially among tenant farmers, the statement said.

Some areas within Malakand in Pakistan's north-west frontier lag behind in development because of its harsh mountain environment and a lack of resources for development, it added.

Oil producing nations threaten climate change talks

GENEVA, July 17: Oil producing countries threatened to derail global talks on combating climate change Tuesday by refusing to accept a scientific report linking human pollution to overheating of the planet, reports AP.

Kuwait, Saudi Arabia, China, Nigeria and seven other oil and coal producing countries object to allowing the report by the Intergovernmental Panel on Climate Change to be used as a basis for political action.

The report, published last month, and formally accepted by governments in December, said the warming of the earth's atmosphere is linked to a discernible human influence, the report called for urgent action.

Countries opposed to using the report fear heavy cuts in oil and coal use could devastate their economies by cutting off their source of income.

Some groups, mainly funded by industry, also have criticized the findings, saying global warming predictions are overstated and that there is no evidence for human caused climate change.

Noon acceptance of the report by the conference could hold up measures to halt global warming for several years.

If governments endorse these scientific findings it will only be a matter of time before they will actually have to come up with some solutions, said Lars Jensen of the World Wide

Fund for Nature, who is attending the talks.

The use of oil, coal and gas the so-called fossil fuels is the primary cause for the build up of greenhouse gases in the atmosphere.

Gases such as carbon dioxide, methane and nitrous oxide trap the sun's heat like a car parked in the sun.

The IPCC report, which pooled scientific research from more than 2,000 leading scientists from around the world, found the earth's temperature had increased 0.3 to 0.6 per cent (nearly one degree Fahrenheit) over the last 100 years and they predicted it would rise by a further 1 to 3.5 degrees Celsius next century.

Economic Development: Half of the Game may be Literacy

Dr Sahfi A Khaleel

After a long debate, economists came to a consensus that economic development constitutes change in the indices by which economic development is measured, for example, birth and mortality rates, per capita electricity use, rural-urban migration, and literacy rate. These indices measure the gradual progress of economic development of all aspiring nations.

However, in the jumble of indices, the pivotal role of literacy and consequent higher education and skill in defining which country makes it to the top of heap may be lost. Literacy is the first resource for nations without other resources in achieving international parity.

Sometimes it is also the last resource. Thus, for politically

disenfranchised individuals, whose properties have been seized and lives put in danger, and who have no funds stashed away in remote banks in Cayman Islands or Switzerland, human capital is the only portable asset. Literacy is a resource that can be accumulated, saved, and increased even after accounting for depreciation. No other resource acquisition process is as friendly to human beings. For a country, this acquisition is not subject to the kind of competition that is faced when acquiring land, mineral resources, or finished goods. It can be done without posing any threat to any other country.

A 1973 survey of the US economy indicated that per capita asset owned by its citizens was \$75,000. Of this

amount, \$39,000 or 52 per cent was human capital. No wonder countries like Japan, Taiwan, South Korea and others have such a high living standard. Their emphasis on human capital is extraordinary, verging on fanaticism. Human capital tells us what to produce, how to produce and when to produce goods and services, what will work and what will not, where to introduce wrinkles and be different from the existing stalwart nations. The US number suggests that, if there is a direct and 100 per cent correlation between resource ownership and economic well-being, then countries with similar economic format as her may close the income gap by as much as 50 per cent through a judicious focus on human capital accumulation, starting with a

basic campaign for literacy. Least we become convinced that literacy is the God of economic development, a few words of caution must be used. However, necessary literacy may be to excel in the race for economic development, by itself it is insufficient. True, it is an index of a government's commitment and a nation's drive to achieve dignity by accessing much needed information. It gets rid of a critical form of blindness. However, other forms of blindness may persist, thus jeopardizing the potential of literacy. By way of example one may cite Cuba, North Korea, China, Vietnam, and all of former East European countries. With similar literacy rates, Taiwan and South Korea are economically miles ahead. Terrific literacy rates have elevated most of the

Marxist countries to a higher plateau of well being. Nevertheless, it is a plateau!

However, today, in the narrow confines of inter-country competition and multinational investment, Vietnam, by virtue of 71 per cent literacy rate, will siphon away investment that could have come Bangladesh's way had its literacy rate been 71 per cent also. Thus, to have not used the recommendation of the Quadrangle-Khuda commission in early 1970's in overhauling Bangladesh's human capital base was a grave error. The fear that a higher literacy rate without commensurate job creation would be the harbinger of totalitarianism in Bangladesh was unfounded. No country ever became Communist because they were too educated. Moral: Igra lives on.

New executive VP of Federal Insurance Co

Kumaruddin Bhuiyan has been promoted to the rank of Executive Vice President of Federal Insurance Company Limited, says a press release.

Bhuiyan, a career insurance man has been serving with the industry for last 29 years. He held various positions in the then Khaibar Insurance Company Ltd., Eastern Mercantile Insurance Company Ltd. and Sadharan Bima Corporation.

In early 1988 he joined Federal Insurance as Manager. Prior to his promotion, he was the Senior Vice President of the company.

Indians face another round of price-hike

NEW DELHI, July 17: The new center left government announced a 10 per cent increase in rail freight charges Tuesday, the second hike this month in transportation costs that are rippling through the economy, reports AP.

In his annual budget, Railways Minister Ram Vilas Paswan also announced a 10 per cent increase in fares for travel in first class or air conditioned coaches of many trains, effective August.

Second class passengers were spared, however. Some 11 million Indians ride on trains every day.

Paswan also exempted food and other commodities that

are subsidized for poor people in government stores.

The hike had been expected following a sharp increase announced earlier this month in fuel prices, from 15 per cent for diesel to 30 per cent for cooking gas.

The new fuel prices already have boosted taxi fares and the price of many goods transported by truck.

The rail hike will mean an even higher increase in the price of a range of goods. Most goods in India are shipped on its vast rail network.

Economists have warned that the price rises could push India's annual inflation rate up to 10 per cent from its current level of 4.2 per cent.

Hyundai to set up foreign-owned car factory in India

NEW DELHI, July 17: South Korean automaker Hyundai Motor Co Ltd said yesterday it will set up India's first fully foreign-owned car factory after signing an agreement with Tamil Nadu state, reports AFP.

Company officials here said Hyundai would initially invest 685 million dollars to set up a base in Tamil Nadu after signing a memorandum of understanding with the provincial government of the southern state.

The automobile firm would spend an additional 400 million dollars later to manufacture 160,000 passenger cars annually at its factory in Tamil Nadu's Sriperempudur district, they said.

The agreement between the Tamil Nadu state administration and the South Korean company would make it the first foreign automobile company to set up a fully owned subsidiary in India. Hyundai officials announced.



Renee Veyret, Ambassador of France met the members of the Metropolitan Chamber of Commerce and Industry, Dhaka at the chamber yesterday. The MCC&I President Samson H. Chowdhury is seen in the picture.

Washington plans to increase investment in Russia

MOSCOW, July 17: US Vice President Al Gore said yesterday the United States had already invested 2.5 billion dollars in Russia, but wanted to invest much more, Itar-Tass news agency reported, according to AFP.

Speaking to businessmen here after a one-hour meeting with President Boris Yeltsin, Gore said the Russian leader had called for an expansion of foreign investment in Russia.

Gore said US capital investment in Russia stood at 2.5 billion dollars — about one-third of all foreign investment in the country — but the United States "wants to do much more in that area."

He said Yeltsin was building a team of experienced reformers who could complete the transformation of Russia into a full-fledged market economy, Itar-Tass reported.

He welcomed Yeltsin's decision to keep Viktor Chernomyrdin as Prime Minister

and the appointment Monday of Anatoli Chubais, the architect of Russia's mass privatization, as top presidential advisor and head of the presidential administration.

Yeltsin, who became Russia's first president in 1991, was re-elected for a new four-year term on July 3, beating

communist challenger Gennady Zyuganov.

Chernomyrdin said US companies had invested 360 million dollars in Russia so far this year, Interfax news agency reported.

Chernomyrdin said Russia's trade balance with the United States was now in Russia's favour, but that was "a tiny fraction of the 20 years of imbalance resulting from the massive grain imports from the United States."

A report released by the Russian economy ministry in March showed the United States was well ahead of other foreign investors in Russia in 1995, providing 813 million dollars out of a total of 2.8 billion.

US investment represented 29 per cent of the total.

The largest share of foreign investment went to the city of Moscow — 47 per cent, or 1.3 billion dollars.

IMF praises Philippines' economic growth

MANILA, July 17: The executive board of the International Monetary Fund has praised the strong economic performance of the Philippines last year, officials said Tuesday, says AP.

The sharp improvement of the economy, which grew despite the economic shocks from the Mexican crisis and the severe rice shortage late last year, resulted from reforms that liberalised the economy and boosted exports and investment.

The IMF board also welcomed the single-digit inflation recorded in June and the government report that its international reserves had already exceeded its target of 10.1 billion dollars for the entire year by 300 million dollars last week.

A joint statement by Central Bank Gov Gabriel Singson and IMF representative David Nelor said the "key task for sustaining economic progress" was "tax reform to provide money for infrastructure to sustain rapid growth."

A tax package submitted by the government has yet to pass Congress.

The economy has posted steady growth since President Fidel Ramos took office in 1992 following near stagnation during the final years of his predecessor, Corazon Aquino.

Exhibition of consumer goods held at DCCI

The Dhaka Chamber of Commerce & Industry (DCCI) in cooperation with German Federation of Small Business (ZDH) and Technonet Asia (TA), Singapore and Export Promotion Bureau (EPB) organised a mini-exhibition of products of handicraft/gift, decorative ceramic, furniture, consumer electrical/electronic goods, Christmas decorative items, processed food, footwear & melamine on Tuesday at DCCI Auditorium, says press release.

The purpose of the exhibition was to select prospective exporters who will participate in a trade fair at Singapore World Trade Centre during April 23-27, 1997. The mini-exhibition was a rehearsal of Bangladeshi exporters to show their capability at Singapore.

Ali Hossain, President, DCCI inaugurated the mini-exhibition while Md Akmal Hossain, Director General, EPB graced the occasion as guest of honour. Representatives of ZDH/TA and sponsors of the Singapore trade fair Lim Jit Say, Alvin Guan Li Ping and M. Azizur Rahman were also present.

Ali Hossain in his inaugural speech thanked ZDH/TA for their endeavour of organising a trade fair in Singapore. Hossain expressed his hope that the Bangladeshi entrepreneurs will be able to capture overseas market through this fair. He appealed to the intending participants of Singapore fair to produce quality products at competitive price and capture foreign markets.

No shortage of urea: BCIC

There is no shortage of urea fertiliser in the country, Bangladesh Chemical Industries Corporation (BCIC) said in a press release here yesterday, reports BSS.

BCIC said the six urea fertiliser factories under the corporation have had a ready stock of 225,000 MT against demand of the same during the current month is 1,60,462 MT.

Explaining the present position, BCIC said in order to ensure uninterrupted production of urea fertiliser and to avoid possible shortage during the peak demand period, BCIC is carrying out the maintenance

Ford may cut 1000 jobs by '96 end

DETROIT, July 17: Ford Motor Co hopes to cut more than 1,000 middle-management and administrative jobs by the year's end, while Chrysler Corp is offering early retirements to 1,200 salaried workers, published reports said Tuesday, reports AP.

The Ford cuts would come through early retirements and buyouts, the Detroit Free Press reported. The Chrysler cuts would represent about six per cent of its white-collar workforce, the Detroit News reported.

General Motors has been offering some deals for early retirement and career transition programmes to a very small number of its 67,000 eligible white-collar workers in North America since April, said spokesman Chuck Licari.

The offers were described by Roney And Co auto analyst David Andrea as "microsurgery designed to trim payrolls."

The job cuts come while sales remain firm. But analysts believe the industry will cycle into its next downturn after a year or two.

"Historically, management would wait until the economy went into recession to reduce the cost base," said John Casca, an auto analyst with Wertheim Schroder And Co. "But the industry is taking these costs out permanently. There's no expectation this is a short-term move."

Ford will take unspecified third-and fourth-quarter charges against earnings to pay for its programme. Chrysler will take a one-time charge of 50 million dollar to 100 million dollars in the third quarter.

At both Ford and Chrysler, workers eligible for early retirement must be at least 54 with 10 years of service, the newspapers reported.

Ford expects to cut its salaried work-force of about 79,500 worldwide to about 78,000, the Free Press said.

Greece begins slaughtering 7000 heads of cattle

ATHENS, July 17: Greece began yesterday slaughtering 7,000 heads of cattle, sheep, pigs and goats following an outbreak of foot-and-mouth disease in the Evros region on the border with Turkey, Agriculture Secretary Apostolos Photiadis announced.

The official said the slaughter was a precautionary measure after 30 cases of foot-and-mouth disease had been registered.

"We wanted to vaccinate the animals since they were not infected by the disease, but the European Union forbids vaccination of suspect animals," Photiadis told AFP.

China to maintain tight credit policy

BEIJING, July 17: China will maintain a credit policy tight enough to bring inflation down to 9 per cent this year, but will ease lending to some struggling state-owned enterprises, the head of the central bank said Monday, reports AP.

"What's most important is to protect political and economic stability in this country," People's Bank of China governor Dai Xianglong told reporters.

About 40 per cent of the enterprises in China's large state-owned sector are running in the red, and about one-third of their 100 million employees have nothing to do. Millions of people have been laid off with monthly stipends too small to meet their basic needs.

Problems in the state sector are due to poor management, lack of development funds, outdated technology and high production costs.

The central bank will ease lending to some efficient enterprises with good markets, Dai said. It will lend 100 billion yuan (12 billion dollars)

more to state-owned enterprises this year than last year, he said.

It also will offset 20 billion yuan of non-performing loans to the enterprises, an increase from 9 billion yuan last year.

"I'm confident that as long as we continue an appropriately tight monetary policy and support the enterprises in their restructuring, we can achieve a very good objective by the end of this year," the central bank governor said.

He said the debts of state-owned enterprises and high unemployment were the biggest problems for China's economy. Dai estimated 7 per cent to 8 per cent of the country's work force was out of work — either registered as unemployed or laid off.

"There are serious problems in terms of labour and employment in some places and some serious problems that we cannot ignore. But nationwide the situation is stable," the central bank chief said.

China is likely to hold the full-year increase in its na-

tional retail price index, a measure of inflation, to below 9 per cent, Dai said. The government previously announced a goal of 10 per cent or lower.

In 1995, inflation based on this measure was 14.8 per cent.

Since inflation has been going down for months, the bank is likely to reduce interest

Ciller reassures adherence to market economy

ANKARA, July 17: Deputy Prime Minister Tansu Ciller said Tuesday that the new government she formed with the Islamic-inspired Welfare Party would adhere to the rules of a market economy, reports AP.

Mrs Ciller's statement was intended to calm markets shaken by a speech in parliament last week by Finance Minister Abdullahi Sener, in which he suggested a cap on interest rates and additional taxes on interest earnings.

est rates again on loans and savings accounts, Dai said. A decision has not yet been made on when the rates will be cut or by how much, he said.

China cut the base rate on deposits and loans on May 1.

Confidence in China's state banks can be seen in the rising level of savings rates by individuals, Dai said. Yet he conceded that increasing savings rates do not necessarily indicate overall prosperity. Some people in China earn high incomes can save a lot, and others have problems making ends meet.

Meanwhile, the national currency, the renminbi, is stable, and plans are going ahead to move to convertibility in current accounts by the end of the year.

Economic growth is estimated to reach 9 per cent to 10 per cent this year.

China's foreign exchange reserves reached \$86.6 billion at the end of the first six months of this year, an increase of 13 billion dollars from the end of last year.



Ali Hossain, President of the Dhaka Chamber of Commerce & Industry, Md Akmal Hossain, Director General EPB, Representatives of ZDH/TA and sponsors of the Singapore trade fair Lim Jit Say, Alvin Guan Li Ping and M. Azizur Rahman are seen moving around the mini-exhibition after its formal opening to select prospective participants of the "Consumer Goods Fair Asia '97" held at the DCCI auditorium on Tuesday. The mini-exhibition was organised by the DCCI in cooperation with EPB and ZDH/TA.

— Singapore