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# The Daily Star BUSINESS

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DHAKA SATURDAY, AUGUST 17, 1996

## Tk 22 lakh UK grant for four NGOs

The British Deputy High Commissioner, Miss Miriam McIntosh, presented cheques amounting to a total of Taka 21.58 lakh to four Bangladeshi non-government organisations for four new projects at an informal ceremony at the High Commission on Thursday, says BSS.

S U Ahmed of Assistance for Slum Dwellers (ASD), M Motleb Sarder of Progoti Samikalyan Sangstha (PSS), Ms Ratna Chandra of Bhagni Nivedita Manchya (BNM) and Narun U Rashid of the Community Development Library (CDL) received the cheques, a High Commission source said.

ASD received a grant of Taka 6.88 lakh to train and provide loan to 400 slum women to enable them to take up viable income-earning activities.

PSS will use their grant of Taka 5.95 lakh to provide stipends to 93 poor girl students of a village-level college in Khulna. In return the students will educate 930 poor local children who cannot attend school for various social and economic reasons.

BNM received a grant of Taka 2.62 lakh to benefit 600 women and girls by enhancing their awareness of their legal and human rights.

CDL will use their grant of Taka 6.13 lakh for their community library and development information network programme.

Bangladesh is the second largest recipient of British bilateral aid, receiving over pound sterling 56 million equivalent to Taka 364 crore from all sources in 1994-95.

## BAHOEXPO-'96 from Oct 3

A three-day Bangladesh Hosiery-Knitwear and Garments Accessories Exposition (BAHOEXPO-'96) will be held in the capital from October 3, reports UNB.

World Trade Centre has planned to organise the exhibition that will feature a comprehensive range of products including hosiery and knitwear, said a press release yesterday.

## Reforms in Gulf states fail to attract foreign investors

MANAMA, Aug 16: Reforms in several Gulf countries have so far failed to attract foreign investors, a Bahrain-based offshore bank said Thursday, calling for more liberalisation and better market regulation, reports AFP.

"Gulf stock markets have attracted less than one per cent of the foreign private capital invested in developing countries," according to a study by the Bahrain International Bank.

It said Oman and Bahrain have taken measures to ease restrictions on foreign investment, but Gulf countries need to go further in terms of liberalisation, to improve regulation and allow independent market studies.

The Saudi share market is the most important in the Gulf in terms of capitalisation with 42.5 billion dollars, the bank said, adding that the Saudi Arabian Monetary Agency (SAMA, central bank) is considering the possibility of allowing foreigners to invest through joint fund.

## A Briton charged with \$27m fraudulent trading

LONDON, Aug 16: A Briton has been charged with fraud in the English Channel island of Jersey in a case linked to foreign exchange trading losses of 26.7 million dollars, a press report said today, according to AFP.

The losses were allegedly incurred by 90 international clients of Swiss-based investment managers, according to the Financial Times.

# Share markets stable

Country's two share markets took a turn towards stability last week after heavy fluctuations of their market indicators for several weeks.

The All Share Price Index of the Dhaka Stock Exchange rose by only 1.55 points while the price index of the Chittagong Stock Exchange declined by 5.20 points, compared to their previous week's closing day records.

The trading of shares became almost stable at the latter part of the week, despite a rising trend at the beginning.

On Sunday last the DSE price index reached 1137.22

points, marking a nine point rise in two days transaction but the market indicators started falling since Monday.

The price index declined to 1126.89 points on Wednesday at the closing day of the week.

Share trading at both DSE and CSE was closed on Thursday on the occasion of National Mourning Day.

The market capitalisation of the DSE increased by Taka 10.63 crore, advancing to Taka 7741.77 crore from previous week's closing day record of Taka 7731.14 crore.

On an average 4 lakh 83 thousand shares and debentures worth more than Taka 9.84 crore changed hands daily during the five days' business.

Out of 119 average traded issues, 49 gained and 65 incurred losses while five remained unchanged.

The price index of the CSE went down to 466.45 points on Wednesday from previous week's closing day record of 471.65 points.

The market capitalisation of the CSE decreased by about Taka 47 crore reaching Taka 4250 crore from Taka 4297 crore of previous week's record.

## Suharto's interview Japan should tap growth of Asia to sustain own economy

TOYOYO, Aug 16: Indonesia's President Suharto said in an interview published here Wednesday that Japan needed to tap the strong economic growth of Asia if its economy was to be sustained, reports AFP.

"Japan will have to cooperate with other Asian countries with strong economic growth to boost and sustain its own economy," Suharto told the Nihon Keizai Shimbun in an interview published in Japanese.

It is also necessary for Japan to transfer its technology and industry (to Asia), he told Nihon Keizai Shimbun Inc. President Takuhiko Tsuruta and the business daily's Editor-in-chief Kenjiro Horikawa in Jakarta.

"It would be advisable for Japan to keep high-technology industries, while moving other industries to Asia," he added.

Suharto noted that Indonesia was a steady supplier of Liquefied Natural Gas (LNG) to Japan.

Japan imports about 45 per cent of its LNG from Indonesia. "We would like to have Japan's cooperation in LNG development in the future," he said.

"In a reversal from the past, when agricultural products were our major exports, we have been seeing an increase in exports for manufactured products," Suharto said. "It is the sign of growth."

He went on to say that poverty was declining in Indonesia, education levels were rising and the spread of public health centres throughout the country had led to improvements in sanitary and health conditions.

## HIL asked to float int'l tender for running Sonargaon Hotel

The Hotel International Limited, which owns the Sonargaon Hotel, has been asked to float an international tender by next week for awarding a contract to operate the country's only five star hotel, reports UNB.

A meeting of the Board of Directors of HIL gave the directive on Wednesday, reversing an earlier plan to renew the contract with the Pan Pacific Hotels and Resorts (PPHR), the present operating company.

Meeting sources said the Board discussed the matter in detail as the authorities were reportedly contemplating a five-year extension of its agreement with PPHR despite offers from other operators with less cost involvement.

The plan to extend the present agreement without floating an international tender was seen by hotel business experts as a move towards more cost involvement as there were other companies which can run the hotel more efficiently, at less cost.

The Chairman of the HIL, Civil Aviation and Tourism Secretary Ismail Hossain, disclosed in the meeting that he had received offers from international hotel chains like Le Meridien and Best Western for operating the hotel.

The PPHR, whose contract expires in December this year, offered to renew the existing agreement, increasing the present rate of commission to 10 per cent from 9.5 per cent with a 10-year non-negotiable

## Industrial output rises in US

WASHINGTON, Aug 16: Industrial production edged up a tiny 0.1 per cent in July, the slowest advance in four months and the latest suggestion the US manufacturing rebound may have stalled, reports AP.

The central bank said Thursday that output at US factories, mines and utilities was the smallest since production fell 0.5 per cent last March. Output rose 0.6 per cent in June.

The report likely will be seen as new evidence the economy may be slowing without the catalyst of higher interest rates.

Central bank chairman Alan Greenspan had warned that absent signs of moderation soon, the bank would have to boost rates to keep the economy from overheating and firing a new round of inflation.

Most analysts now believe policy makers will decide to hold rates steady when they meet next Tuesday.

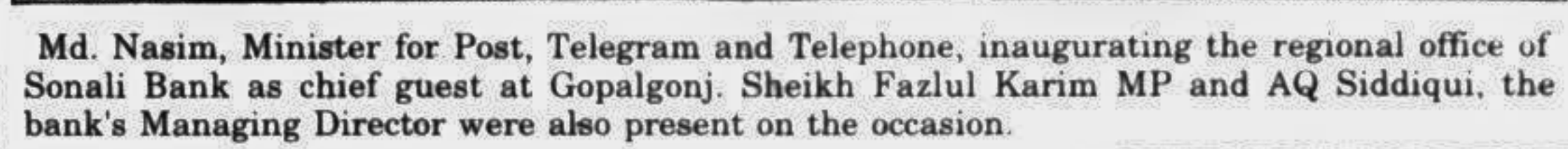
Thursday's report contained no sign of inflation. It said the nation's industries were operating at 83.2 per cent of capacity down from 83.3 per cent a month earlier.

Economists contend that capacity utilization of 85 per cent or more threatens production bottlenecks that could lead to shortages and higher prices.

In a separate report, the Labour Department said new claims for jobless benefits rose by 5,000 last week but remained in a range that analysts say reflects a tightening labour market.

Applications for unemployment insurance totaled 321,000, identical to 321,000 during the week ended July 20. But the closely watched four-week moving average dropped by 11,500 to 313,000 a seven-year low.

Many analysts, citing signs of manufacturing weakness in the July employment report, had expected industrial production to slip 0.1 per cent. The Labour Department reported the loss of 20,000 factory jobs last month.



Md. Nasim, Minister for Post, Telegram and Telephone, inaugurating the regional office of Sonali Bank as chief guest at Gopalgonj. Sheikh Fazlul Karim MP and AQ Siddiqui, the bank's Managing Director were also present on the occasion.

## Move to repair China's silk industry

BEIJING, Aug 16: A team charged with saving China's silk industry from damaging price wars, which have sunk 80 per cent of the sector's enterprises, is gearing up for action, the China Daily reported, according to AFP.

The silk and satin coordination team, known as the "state cocoon" because it is backed by the state council, will first move to control the production of silk worms in Shandong, Anhui, Jiangsu, Zhejiang, Guangdong and Sichuan provinces.

Team leader Yi Hui told the newspaper they intended to group farmers into provincial production areas to keep cocoon prices high and put a stop to fierce price undercutting, which forced the sector into the red in 1994.

About 30 per cent of China's mulberry trees — needed to feed silk worms — have been chopped down in the last year as oversupply, coupled with a proliferation of unqualified spinning and reeling mills, has pushed down the quality of Chinese silk and forced world buyers to look elsewhere.

"In the first half of the year, silk exports dropped by over 20 per cent compared to the same period last year and split

management over which different parts of the sector are mainly to blame for the sagging trade," Yi said.

Once the team has got silk worm production under control it will turn to the reeling and spinning mills which undercut state mills but produce inferior quality silk, the newspaper reported.

It said the ultimate goal of the team was to establish a national monopoly company for cocoon production, silk processing and exports.

Cocoon production is now overseen by the Ministry of Agriculture, while silk processors answer to the China National Council for Light Industry and Raw Silk Exports are controlled by the China National Silk Import and Export Company.

Eighty per cent of the world's raw silk and 45 per cent of the world's silk clothes come from China, while more than 20 million farming families and one million workers depend on cocoon farming or silk processing for their incomes.

China's state council announced the establishment of the team in May. Beijing abolished its government monopoly of the industry in 1988.

## Opinion of two visiting US economists Dhaka share market must be reformed thoroughly for real development

By Govinda Shil

Dhaka share market must be reformed thoroughly for its meaningful and real development.

This was observed by the two visiting US professors in an interview with The Daily Star in the city.

Mazhar H Islam, Associate Professor, Department of Economics and Finance, Texas A & M International University and M Kabir Hasan, Associate Professor, Department of Economics and Finance, University of New Orleans, USA, have expressed their reactions on the country's largest share market, Dhaka Stock Exchange.

They said the growth of securities market and portfolio investment is being adversely affected because of the influence of share market administrators on trading for gaining business and owning shares.

In his reaction, Mazhar H Islam said the share market of the capital has almost reportedly been monopolised by a section of its administrators and industrialists. It is not being run efficiently.

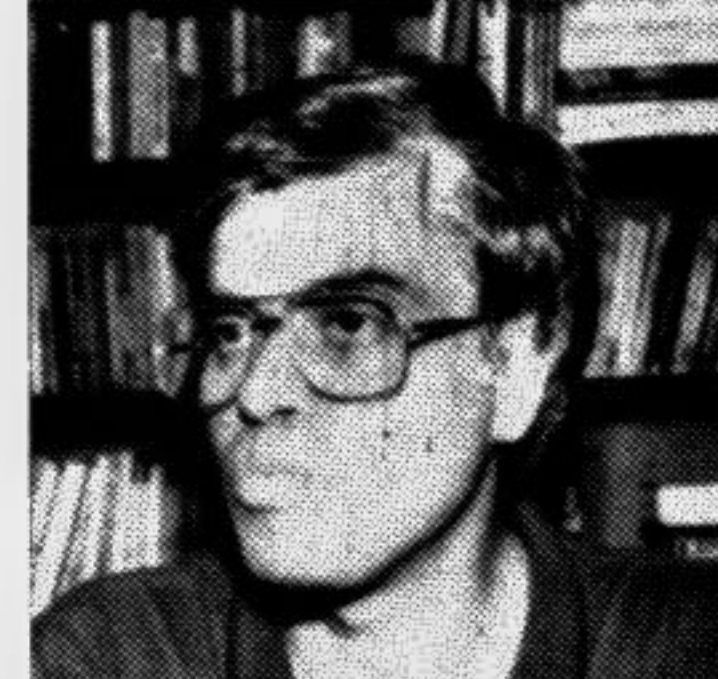
He said DSE staffs, who need more professional training, were very slow to respond to queries. He has been making a study on Trends and Potentials of Emerging Stock Market in Bangladesh.

Islam said the academic background of the executives of DSE and Security Exchange Commission (SEC) should be 'economics and finance' and they should have in-depth knowledge about global economics. Emphasis should be given on training and ethical practices of the executives, he added.

He said he had to go to the DSE at least 15 days for some information which is an exercise of an hour only. DSE must be well-equipped with modern information system and must be ready to disseminate them to the concerned individual or institution.



Mazhar H Islam



M Kabir Hasan

Islam said, "Why the demand for primary share should be high and small investors should be selected through lottery?"

The top administrative leaders of DSE are very much involved in share-trading, taking the privileges of their positions.

In his observation, M Kabir Hasan alleged that the DSE administrators and their close circles have been monopolising the share-trading.

He said, "Administrators should be allowed to own some five per cent of the issued shares and must not use the information available to them non-professionally."

He said, in developed countries like USA, administrators could not use information for their personal interests and they could not buy more shares than what they are allowed to buy.

Hasan said a share-market should be considered as 'inefficient' if the price of a share did not reflect its (intrinsic) value which is generally demonstrated in Bangladesh market.

"There must be a positive relationship between risk and return in order to operate stock market successfully," Hasan said adding in Bangladesh returns are low on risky shares and vice-versa.

Dwelling on portfolio investment, Islam said foreigners would not come unless the listed companies get their audits done by internationally reputed auditing firms.

The two professors hold the view that the space of DSE's trading floor should immediately be expanded to ease congestion.

TOKYO, Aug 16: Kobe Steel Ltd., one of Japan's top five steelmakers, has licensed technology for making machinery used to manufacture tires to India's ACC Machinery Co. Ltd., Kobe Steel said Tuesday.

The agreement covers five types of machinery, Kobe Steel spokesman Gary Tsuchida said, adding that the terms of the agreement prevent Kobe Steel from disclosing information regarding how much the company will earn in the deal.

Tsuchida said Kobe Steel sees the agreement as a means of breaking into a market with growing demand for tire-making machinery.

"We haven't been able to get into the market in India because of high tariffs, so this is one way to do it," Tsuchida said.

Tsuchida said that as a result of the agreement, AMCL, a subsidiary of the Associated Cement Companies Ltd in the TATA group, will be able to expand its range of products by making a variety of mechanical tire-curing presses, rubber mixers and associated equipment under license for 10 years.

## Business briefs

Jon Hutchinson, managing director for the Australian Tourist Commission, denounced the emergence of "a very clear, selective process" in which tourists are being accepted for rejected depending on their country of origin.

The Australian Financial Review reported on Tuesday that the most vulnerable tourists are from Asian countries, particularly South Korea and Taiwan, who have made block bookings, negotiated by wholesalers well in advance.

"This is one way of creating enormous bad feeling and ultimately, the loss of large slices of business," Hutchinson said. Both South Korea and Taiwan are being targeted as big growth areas for Australia's tourism industry.

MELBOURNE: Australian-based insurance firm MMI Ltd says it is investigating joint venture possibilities in Indonesia, Singapore and Malaysia.

MMI, which has a cooperation agreement with its 14.5 per cent stakeholder German insurer Allianz AG, already has a joint venture agreement in Vietnam.

MMI Ltd managing director Pieter Franzen says both companies want to expand into other Asian markets. Several other Australian insurance groups are also eyeing the possibilities in Asia.

tralian Stock Exchange, has been the most successful with its investment in the Hong Kong-listed National Mutual Asia.

However, colonial Mutual Group, which plans to follow National Mutual into the market next year, also has substantial life interests in Asia and the Pacific and HHH Winterthur, formerly CE Health International Holdings, has made it clear it sees its future growth potential coming from the region.

KANATA, Ontario: Newbridge Networks Corp said Monday it is buying French telecommunications company OST.

The purchase price was not disclosed. Newbridge chairman Terry Matthews said the deal allows the Canadian company to better serve its major customers in France, including the country's national telecommunications company, France Telecom.

The merger increases the company's profile in France and gives it a new cadre of engineers, Matthews said in a statement.

## Sarajevo's airport reopens for commercial flights

SARAJEVO, Aug 16: In a sign that Bosnia's wartime isolation is over, Sarajevo's battered airport welcomed its first commercial flights in more than four years on Thursday, reports AP.

A Croatia Airlines plane carrying airline executives was the first to land at the reopened airport, followed by a jetliner leased by the state-owned Air Bosna. Fifteen passengers disembarked from that Boeing 727 from Istanbul, Turkey, smiling and carrying a large Bosnian flag.

Secretary of State Warren Christopher, whose plane touched down two hours later, said the airport "will be remembered around the world as the symbol of Sarajevo's isolation."

"Now it's the newest symbol of the city's reintegration with the world," he said.

The airport, encircled by hills from which Serbs besieged Sarajevo with their heavy guns, was closed to all but military and relief planes after war broke out in April 1992.

After some of the worst battles of the war, the Serbs agreed to relinquish control of the airport to the United Nations. The longest humanitarian airlift ever brought food to the city, helping tens of thousands survive the siege from July 1992 until last January.

Bosnian President Alija Izetbegovic, who arrived on Christopher's plane from Geneva, said the reopened was "yet another step toward freedom and the world to which we belong."

## Japan to push for APEC-Mercosur trade

BRASILIA, Aug 16: Japan will push for liberalised trade between the Asia-Pacific region and south America's Mercosur trade bloc, Japanese embassy official Makoto Mizutani said Thursday, reports AP.

Japan's interest in the southern common market (Mercosur) — which groups Argentina, Brazil, Paraguay and Uruguay — has led it "promote a deeper dialogue with those countries," the embassy official said.

Japan Prime Minister Ryutaro Hashimoto is due to visit Brazil as well as Chile, Costa Rica, Mexico and Peru later this month.

Mizutani stressed, however, that Japan did not intend to propose a free trade agreement between the Asia-Pacific economic cooperation forum and the Mercosur, but rather lower trade barriers between the regions.

While in Brazil, Hashimoto will meet with President Fernando Henrique Cardoso and will witness the signing of Japanese aid agreements for environmental protection with some 500 million dollars.

Terms of the deal announced Monday value Atlantic at about \$27 million.

EGG HARBOR TOWNSHIP, New Jersey: Delmarva Power and Light Co will combine with Atlantic Electric Inc., creating a utility with 1 million customers in New Jersey, Delaware, Maryland and Virginia.

The deal is expected to be completed in next year's first quarter.

Source: AP