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Bangladesh going to be included in world mining map

Bangladesh for the first time is going to be included in the world mining map with the completion of the coal and hard rock mining projects in Dinajpur within this century. President of the Bangladesh Geological Society S K M Abdullah said here Thursday, reports BSS.

In his presidential speech at the inaugural session of the ninth geological conference of Bangladesh, Abdullah said more coal would be explored in Bangladesh after the works of Barapukuria Coal Mine project are finished.

He expressed the optimism that Bangladesh was not poor in Mineral resources and said the geologists would have to find out these resources.

He said the geologists should also take care of the environment while mining for extraction of natural resources, to sustain the development.

Inaugurating the conference eminent geologist and former Director General, Geological Survey of Bangladesh, Mesbah Uddin Ahmed, Advised the geologists to continue to enrich their knowledge of geology and utilise it in the interest of the country.

The two-day conference is organised by the Bangladesh Geological Society.

Dr Huda said such professional conference should focus more on raising the standard of profession and solving the problems of the people.

Over 200 geologists from different universities, research organisations, government and autonomous bodies are taking part in the conference.

Land fertility declining in Comilla

COMILLA, Dec 6: Fertility of lands in different thanas of the district is declining rapidly due to indiscriminate use of chemical fertilisers, reports UNB.

After examining earth from Chouddagram, Brahamanpara, Laksam, Barura and Debidar thanas, the district Soil Development Department found that the presence of nitrogen in the soil was much lower than that of its requirement.

The department has laid emphasis on using natural fertiliser in lands and making the farmers aware about the adverse effect of chemical fertilisers.

NGOs urged to solve housing problem of urban poor

A seminar held here recently called upon the non-government organisations (NGOs to come forward to solve the housing problems of the urban poor, reports BSS.

The seminar on "Urban Poverty Reduction by Local Government Engineering Department (LGED)" revealed that out of 15000 MGOs working nationally, only 100 operate in the urban areas and few of them provide housing for the urban poor.

One NGO is providing house for 166 female garment workers, in Dhaka city, which is a good example, a concept paper presented at the seminar said.

But the fate of 850,000 poor female garment workers in Dhaka city is still uncertain, they added.

The paper pointed out that most of these women are rural migrants, they cannot afford to live near their workplaces, nor can they afford public transport.

IMF chief calls for tax reform in Australia

SYDNEY, Dec 6: The visiting managing director of the International Monetary Fund has called on Australia to reform its tax system, reports AP.

Michel Camdeuss said in an interview published by the Australian Financial Review on Friday that tax reform "is certainly one of the structural reforms that are needed."

"The day will come certainly when your government will consider it will be necessary to go to a more basic reshuffle of your taxation system," he said.

"The fact that your taxation is based so much on capital and income and, in a very limited way on sales, is certainly something which prevents your government from having the resource base needed during this time of economic adjustment.

Camdeuss' comments come amid a growing debate among some business people over the merits of introducing a broad based consumption tax — something that has been ruled out by Prime Minister John Howard for the current three-year term of his conservative Liberal-National party government.

Erratum

In our story on Page 6 of Thursday's issue headlined 'Export earnings fail short of target by Tk 571 crore', the figure was wrongly printed. It should be read as Tk 571 million.

Weekly review : Stock market in the doldrums

By Rafiq Hasan

Frequent policy changes by the government, uncertainty, panic among the investors and lack of new money influx leave the country's stock market in the doldrums.

Trading at the floor of the two stock exchanges was almost at a standstill as most of the investors are reluctant to buy shares at prices which are not based on demand and supply situation.

The prices could not fluctuate according to the actual market forces due to five per cent circuit breaker system which controls any major ups and downs in share prices.

"If there was no circuit-breaker the market indicators would go down further and it would again start going up after being stabilised at a reasonable position," said a member of the Dhaka Stock Exchange (DSE).

According to DSE members and persons connected with the capital market, the panic which was created among the investors was due to some policy decisions by the government is yet to be worn-off, though the government cancelled its earlier decision on bank loans against scrips.

The DSE members alleged that the panic triggered further among the investors as groups of income tax officials were looking for the source of money which was invested by government officials and other professionals.

"A number of clients requested me to erase their names from the ledger book which is being maintained at my brokerage house, said a DSE member requesting anonymity.

He said that the income tax officials could investigate the income of any broker for checking how much tax was given by him which created a fear among many investors who were not supposed to pay income tax.

"The investment in the capital market was freed from any restriction and even in the last budget the gaintax was withdrawn, so this kind of activity by the income tax officials is disturbing the capital market," said another DSE member.

The DSE sources said the Investment Corporation of Bangladesh (ICB) started buying shares since Tuesday after remaining silent for about two weeks. But the volume of their trading is still very low, the source added.

About Taka 600 crore which has been stuck up at different banks against the applications for obtaining primary shares of three companies also created a liquidity crisis in the market, sources said.

Since the beginning of this month the DSE All Share Price Index fell by 397.83 points declining to 2667.16 points on Thursday, the closing day of the week.

The Market capitalisation of the bourse which was Tk 21837.58 crore in the beginning of the week decreased to Tk 19003.14 crore on Thursday giving a total loss of Tk 2,834.44 crore in the six-day business.

Out of average 89 traded issues, only 12 gained everyday.

The CSE All Share Price Index experienced a 113.83-point fall during the period and decreased to 1359.85 points from 1472.68 points.

The market capitalisation of CSE also fell by Tk 1,308.36 crore and closed at Tk 15859.35 crore on the closing day.

Meanwhile, the kerb market operators started a movement against the DSE members and the government decisions.

Hundreds of investors have been demonstrating and holding rallies almost everyday in front of the DSE building as the major market indicators facing drastic fall everyday since the beginning of this month.

The plan to stage a day-long sit-in in front of the DSE building today demanding resumption of bank loans and share trading by ICB in full swing with a view to bringing back life in the country's stock market.

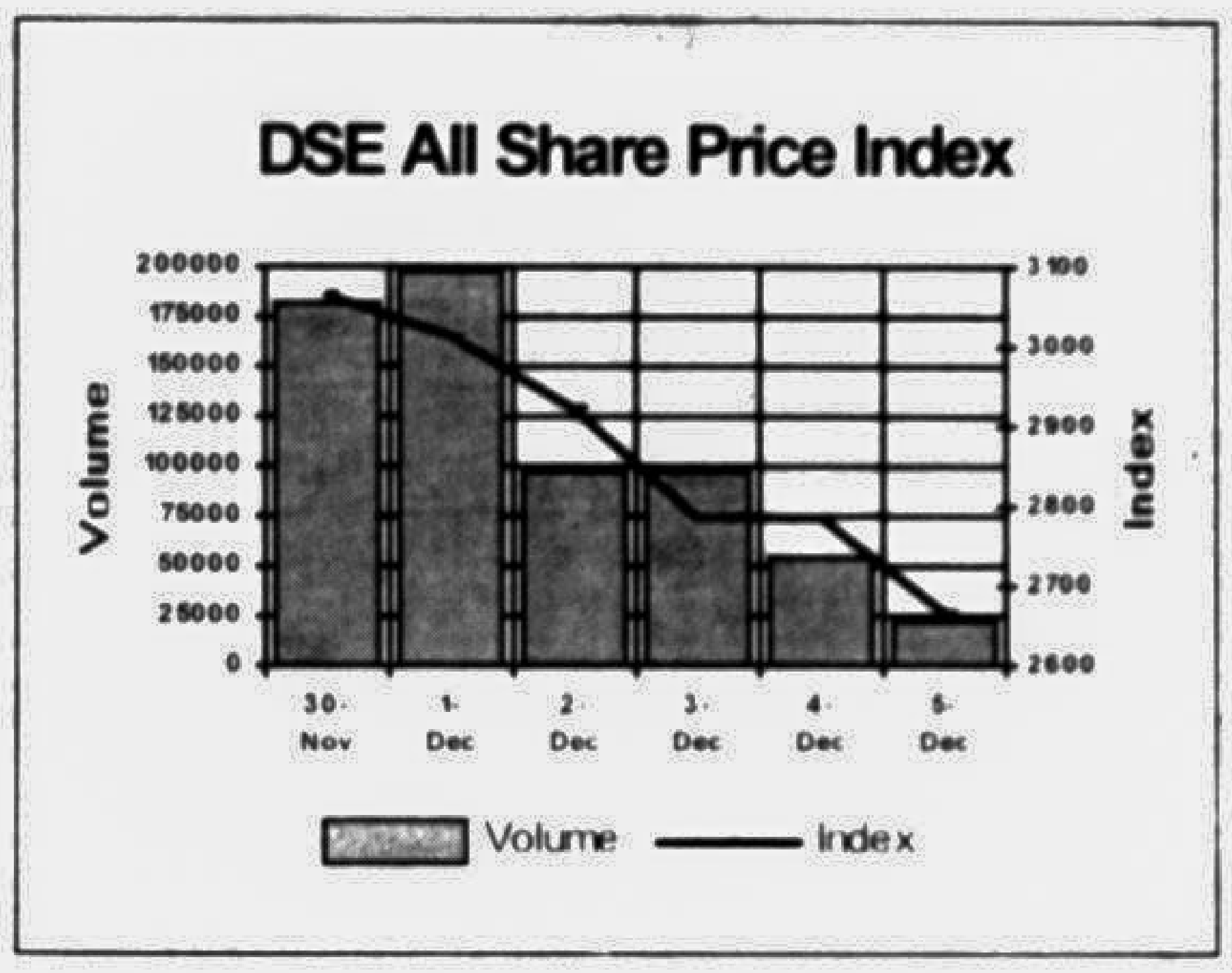
The gathering of investors outside the DSE building became very small. Most of the kerb market operators refrained from trading in a dull market.

According to informed sources, the market went down due to alleged manipulation by a section of DSE members who were involved in different types of unfair businesses.

During the days of bullish trend, they bought shares from the floor and sold them out at the kerb market at higher prices and earned million of taka within a very short time, the sources said.

The kerb market operators became angry mainly due to manipulation of those unscrupulous brokers, the sources added.

Talking to The Daily Star, Prof Abu Ahmed said the present crisis is the result of not having a required reform of the stock exchanges.



Financial strains force GCC states to rely on private sector

ABU DHABI, Dec 6: Financial strains will likely force Gulf Arab states to rely on the private sector of fund infrastructure projects given their huge costs, according to a prominent Gulf economist, reports AFP.

The six-nation Gulf Cooperation Council (GCC) has pumped nearly 250 billion dollars into development ventures over the past 25 years and is expected to spend another 100 billion dollars in the next decade, said Henry Azzam, Chief Economist and Deputy Manager of the Saudi National Commercial Bank.

Azzam, writing in the United Arab Emirates (UAE) daily Al-Khaleej Thursday, said the new projects covered building of new roads, airports, electricity, water and communication facilities, and maintenance of existing services.

"As the GCC countries are pursuing tight fiscal policies to eliminate the deficit in their budgets and stop unnecessary spending, they have become unable to secure all the investments needed for infrastructure projects," he said.

"Private contribution is now needed. The question now is not whether the private sector will be allowed to finance infrastructure projects in the GCC, but when is this going to happen and what are the best ways to lure it."

GCC states Saudi Arabia, Kuwait, Qatar, Bahrain, Oman and the UAE have reeled under heavy budget deficits over the past decade because of dwindling oil earnings and growing defence commitments.

The lower income has forced them to trim expenditure and this has slashed the projected combined shortfall to around nine billion dollars in 1996 from a record 62 billion dollars in 1991, when they paid large funds to the Gulf War.

They have also resorted to reforms, including privatisation of public institutions, but the process has been slow in most member states.

Although the earnings of the six nations are expected to surge by at least 12 billion dollars to 90 billion dollars this year, they remained far lower than their annual income of more than 150 billion dollars in the early 1980s.

Azzam said GCC governments should develop their stock markets and investment laws to attract private capital into infrastructure projects.

"GCC states need to create a proper investment climate governed by effective and advanced laws, which will ensure a clearer framework concerning commitments, incentives and competition," he said.

"They should also give priority to the development of their stock exchanges and ensure channels for long-term borrowing through issuing bonds . . . in the absence of such elements, a large contribution by the private sector in infrastructure projects will not be achieved."

More Saudi jt venture projects in India likely

GOA, India, Dec 6: India is considering further joint venture refinery projects with Saudi Arabia to help meet massive growth in demand for petroleum products over the next few years, Indian oil officials said on Thursday, reports Reuter.

Saudi Oil Minister Ali al Nuaimi met Indian Prime Minister H D Deve Gowda and Finance Minister P Chidambaram on Tuesday in New Delhi to discuss wide-ranging cooperation in the oil sector, Hindustan Petroleum Corp Ltd (HPCL) Chairman H P Zutshi told Reutres ahead of international energy talks here in Goa this weekend.

"We are looking at some other refineries with Saudi Arabia and looking at other areas of cooperation including the service industry," said Zutshi.

"If a refinery project comes up and Saudi Arabia signals interest then we are open to discussion," said state Indian Oil Corp (IOC) Chairman R K Narang.

India has ambitious plans to double its refinery capacity over the next five to six years from current rates of 1.2 million barrel a day (BPD), Narang said.

HPCL reviewed progress with state Saudi oil company Saudi Aramco at the New Delhi meeting on a six to nine million tonne per year (120,000-180,000 BPD) joint venture refinery project in Punjab.

Zutshi said he signed a project development agreement with Aramco at Saudi Aramco headquarters in Dhahran last week.

He said a feasibility study was expected to get underway early next early with construction scheduled to begin eight months later for completion in 2001.

"I would say as quickly as possible I hope by the end of January," he said of the feasibility study.

Irregularities during share offerings

28 financial institutions reprimanded in China

SHENZHEN, Dec 6: China's financial markets regulator **has publicly reprimanded 28 financial institutions for irregularities during share offerings, according to regulators and official news reports Friday, says AP.**

The China Securities Regulatory Commission said the 28 financial firms, which include commercial banks, brokerages and investment firms, had committed "serious violations" during the initial stock offerings of Anhui Gujing Distillery Co and Jinan Diesel Engine Co, two companies listed on the exchange in Shenzhen, a special economic zone bordering Hong Kong.

The reprimands are part of an effort to tighten control over China's unruly financial sector and improve its credibility and reliability.

Commission officials said the institutions had illegally loaned out, or invested themselves, billions of yuan (hundreds of millions of dollars) to subscribe to the offerings. Chinese law prohibits the use of loans for securities purchases.

"The 28 institutions violated China's financial regulations, seriously disrupted order of the securities market and harmed the interest of investors," reported China Securities News, the commission's mouthpiece.

The commission accused three financial institutions of loaning 4.70 billion yuan (567.6 million dollars) to 24 other investment companies for the purpose of subscribing to shares offered by Gujing Distillery.

Gujing's offering took place between September 2 and September 11, and was open to domestic investors only.

The CSRC also said three other institutions had illegally given loans to securities firms and institutions, or themselves used, a total of 3.80 billion yuan (458.9 million dollars) **during the initial stock offering of Jinan Diesel Engine Co., which was open from September 24 to September 26, and also available to domestic investors only.**

The announcement Friday follows, by about one month, a rebuke made to two other financial institutions — the Hefei branch of the Industrial and Commercial Bank of China and the Jinan branch of the China International Trust & Investment Corp. — for similar violations during the initial share offerings of Gujing and Jinan Diesel.

Of the 28 financial institutions publicly rebuked Friday, the market regulator said six companies had committed particularly severe violations and slapped them with fines of as high as 1.1 million yuan (132,800 dollars).

The commission also warned five other financial institutions, threatening them with the suspension of their securities licenses for repeatedly violating regulations.

The CSRC said ICBC's Anhui Trust & Investment, China Securities, Shandong International Trust & Investment Corp., Yantai Securities and the Agricultural Bank of China's Hunan Trust & Investment Corp. had one month to "make internal adjustments." Regulators said that probably means the firing and replacement of managers at the responsible entities.

Concerned that the country's stock markets are spinning out of control amid furious buying from both institutions and small retail investors, regulators have made several attempts in recent months to slow trade and stop illegal capital flows.

In August, the CSRC reiterated a ban on buying shares on margin, an illegal but widespread practice among domestic brokerages.

It has dispatched investigators to the Shenzhen and Shanghai stock exchanges to look for trading irregularities and has begun examining the books of many domestic securities houses.


Abul Khair Khan, General Manager, Dhaka Zonal Office, Sadharan Bima Corporation, handed over a cheque for Taka 78,97,178 to AKM Azizur Rahman, Managing Director of Sonargaon Textile Limited on Tuesday in settlement of an insurance claim.

World's largest phone company to split

TOKYO, Dec 6: Nippon Telegraph and Telephone Corp, the world's largest phone company, has agreed to split up into three smaller units under a holding company beginning in 19998, the government said Friday, reports AP.

The move, expected to be formally endorsed by NTT later Friday, was announced by Japan's minister of posts and telecommunications, Hisao Horinouchi, after a Cabinet meeting.

The breakup is expected to be completed in 1999, he said.

The ministry has been placing increasing pressure on the 8 trillion yen (70 billion dollars) former government telecommunications monopoly to split up as part of a general drive to encourage competition in domestic industries.

ILO chief barred from addressing key talks

GENEVA, Dec 6: Poor countries resisting attempts by rich countries to link trade issues to working conditions have barred the head of the International Labour Organisation from addressing key trade talks, diplomats said on Thursday, reports Reuter.

On Monday, ILO (International Labour Organisation) Director-General Michel Hansenne was invited to address next week's talks in Singapore and had been expected to argue for a firmer link between trade and labour conditions.

But developing countries fiercely opposed to a WTO "social clause" — including India, Pakistan, Egypt and Malaysia — complained and the invitation was withdrawn the next day.

"There was stupor at the ILO," a diplomatic source said.

The contentious issue of labour standards has been placed on the global agenda by the United States, with backing from some European partners, in a bid to win WTO recognition of basic workers' rights — despite Asian cries of protectionism.

The undiplomatic "slap in the face" has strained relations between the oldest United Nations agency and the more heavyweight World Trade Organisation (WTO), diplomats said.

Ichigo Umehara, President of the Pan Pacific Hotels and Resorts, handed over boxes of gifts to representatives of orphanages at a simple function in the hotel recently.

Iran-Russia accord to expand econ ties

MOSCOW, Dec 6: Iran on Thursday signed a broad agreement to expand economic relations with Russia, including the purchase of tens of millions of dollars worth of Russian subway cars and technical equipment, reports Reuter.

Officials from the two sides said future cooperation in the oil and gas industry would be important, but did not give details of any specific projects.

The agreement was forged during the first meeting of the Russian-Iranian Commission for Economic Cooperation since the collapse of the Soviet Union in 1991.

"Cooperation with Iran gives us, namely the Russian people, a big market for our industrial machine production, and gives us an opportunity to provide jobs," Deputy Prime Minister Oleg Davydov said at the signing.

"Iran is a market we are interested in developing for our industry," said Davydov, who is also minister for foreign economic relations.

Iran and Russia have recently expanded ties in several economic agreements.

Both countries on Thursday reaffirmed Russia's 1995 commitment to finishing the 800 million US dollar construction of Iran's Bushehr Nuclear Power Plant, a deal which has angered the United States and other nations.

"Naturally, there was an agreement on this (project) that remains in force," Iran's Economy and Finance Minister Morteza Mohammadkhan told reporters. "We see no limits on the two sides to limit cooperation in this area."

Iran passes law banning official use of foreign words, names

TEHRAN, Dec 6: The Iranian parliament has passed a law banning the official use of all foreign words and names, Tehran radio reported Thursday, reports AP.

If the legislation receives final approval, businesses with foreign names or products would have a month to come up with new Farsi names. Government departments and state-linked organisations also would be barred from using foreign words in reports, speeches and letters, the radio report said.

The bill was passed by the 270-seat Majlis, or parliament, but has to be endorsed by the Guardian Council before becoming law.

China expects 15pc rise in FDI

BEIJING, Dec 6: China expects to attract 49.5 billion dollars in foreign direct investment in 1997, up 15 per cent from 1996, according to a forecast from the State Information Centre, published Thursday, says AP.

Less developed provinces in western and central China are likely to receive a higher proportion of investment because of preferential government policies, said the forecast carried by the official newspaper China Daily.

To alleviate regional imbalances, the central government is giving priority to development and investment projects in the interior provinces. Central authorities favor shifting labour-intensive projects to less-advanced regions, while coastal areas focus on high technology.

During the first half of this year, the equivalent of 19.64 billion dollars was pledged for projects in China, a 20 per cent increase from the same period in 1995, it said.

By the end of June, the country had absorbed a total of 155 billion dollars in direct investment since China began opening up to the outside world in 1978. Contracted investment in the same period amounted to 441 billion dollars, according to the State Information Centre.

A total of 273,325 separate projects have involved some form of foreign investment over the past 18 years, it added.

Australia poised to sell slice of state-owned telecom co

CANBERRA, Australia, Dec 6: Australia's conservative government is poised to sell a one-third stake of the state-owned telecommunications company, Telstra, after it struck a deal on Thursday with two independent senators who control the balance of power in Parliament, reports AP.

The plans has been strongly criticised by opposition parties.

The government expects to raise dlrs Australian 8 billion (6.4 billion US dollars) from the sale, which the two independent senators say they'll now support.

Details of the sell-off are expected to be debated in the Senate next week, but are not scheduled to be finalised until March.

Two-thirds of the company will remain in state ownership after the partial sale.

Prime Minister John Howard plans to use most of the proceeds to reduce government debt. But he has promised to dedicate dlrs Australian one billion (796 million US dollars) to an ambitious environmental and heritage management programme.

The government has also said it will take strict precautions to ensure Telstra does not come under the control of a foreign company.

Communications Minister Richard Alston said there would be tight rules to prevent Telstra falling under foreign domination.

Global trade talks begin in Singapore next week

Emerging Asian economies to resist Westerns on 'social clause' issue

KUALA LUMPUR, Dec 6: The West wants level playing fields, the East says the players are unevenly matched and battle lines are being drawn as global trade talks begin in Singapore next week, analysts said, according to Reuter.

Emerging Asian economies say they will resist Western efforts to put labour standards, liberalised foreign investment rules and new policies to promote competition on the agenda of the first annual World Trade Organisation meeting (WTO).

Malaysian Prime Minister Mahathir Mohammad has been a vocal opponent of raising these "extraneous issues" at the talks.

"A lot has been said about level playing fields," he told a news conference at last month's meeting of the Asia-Pacific Economic Cooperation (APEC) forum. "But nothing is said of the size of the contestants."

"Imagine Malaysians playing football with an American team. Two-hundred fifty pounders on one side and 60-pound Malaysians on the other playing a game we do not know. But we are supposed to play and we are told: 'look, it's fair.'"

The labour issue is, perhaps, the most contentious.

The United States is pushing for standards such as the right of workers to form unions and a ban on child labour. Washington wants to show us workers — fearful that free trade means less jobs for them — that the WTO is alive to their concerns.

Developing countries say the WTO is not the place for these issues. Adopting standards would erode a key advantage enjoyed by many emerging economies — cheap labour, economists say.

"If there are going to be battle lines drawn it will probably be over labour standards," said Desmond Supple, regional economist with Idea Research House in Singapore.

Japan and Canada are leading a push — backed by the European Union (EU) — for a WTO agreement ensuring that foreign firms operate under the same rules as local firms.

That means allowing them to take 100 per cent equity in foreign ventures or enter previously closed market areas, such as Indonesia's retailing and distributions sector.

Malaysia, Indonesia and India are leading the Asian charge against the "multilateral investment agreement," saying it would abridge national sovereignty.

Asian nations also oppose an EU initiative to start talks at WTO on national competition policies, with the aim of eventually eliminating cartels and price-fixing agreements that keep foreign firms out of local markets.

Emerging Asian countries want the Singapore meeting to focus on how the Uruguay Round of tariff cuts is being implemented.

They also want Western countries to open up their markets to textiles much more quickly than the 10-year timetable the United States and the EU agreed to under the Uruguay Round of the General Agreement on Tariffs and Trade, which preceded the establishment of the WTO.

The West may have to compromise on textiles to win other concessions, possible on open competition and liberalised investment policies, one Asian diplomat said.

Asian nations are also opposed to a procurement code, which would require much greater transparency in the awarding of government contracts and tenders.