

Bangladesh, ROK
agree to expand
bilateral trade

SEOUL, Apr 4: Bangladesh and South Korea agreed to expand bilateral trade and investment, a trade ministry official said, reports AFP.

Bangladesh Foreign Minister Abdus Samad Azad and South Korean Trade Minister Lim Chang-yeul agreed that the two countries had a lot of room to expand economic ties, the official said Thursday.

The Bangladesh Foreign Minister called for South Korea to redress their bilateral trade imbalance, which is weighted heavily in favour of Seoul.

Two-way trade totalled 530 million dollars last year, with South Korea enjoying a surplus of more than 500 million dollars.

Lim called on Bangladesh to improve the investment atmosphere, saying higher investment would lead to increased imports by South Korea from the country.

The Bangladesh minister also urged South Korea to increase labour imports from Bangladesh. Currently, 7,957 Bangladeshis people are employed in plants across South Korea.

He promised cooperation for South Korea, the second largest investor in Bangladesh, to build a free trade zone in Bangladesh.

Abdus Samad Azad, who arrived here Wednesday, also met with business leaders today to call for more investment in his country.

IDA mission leader meets Kibria

Visiting IDA mission leader Alfredo Ammer called on Finance Minister S A M S Kibria at his office in Dhaka Thursday, reports UNB.

World Bank resident representative Pierre Landel-Mills accompanied the IDA mission leader at the meeting.

During the meeting, they reviewed the progress of privatisation programme of the country's jute sector under its adjustment credit.

They also discussed the overall status of jute industry, including the recent changes in the international jute market, said a PID handout.

The Finance Minister explained the government policy on jute and other industries and emphasised the need for a suitable adjustment and redesigning of the programme.

ERD Secretary Dr Moshir Rahman, Banking Secretary Syed Amir-Ul-Mulk and Jute Secretary Mohammad Abdul Hanman were present.

BTLA demands amendment to tax laws

Bangladesh Tax Lawyers' Association (BTLA) has demanded withdrawal of "discriminatory" taxation on salary incomes from government and non-government sources, reports UNB.

It also called for the withdrawal of the provision of deposition advance tax at 15 per cent while filing appeals and 40 per cent for tribunal cases.

The demands were made at a meeting of the association's executive council yesterday with Advocate MA Salam Talukder in the chair.

The meeting urged the authorities to conduct massive survey on new tax payers and for checking tax evasion by halting the pressure of survey on old taxpayers.

The association also urged the government to bring in necessary amendments to tax laws in the ensuing budget session of parliament.

The meeting was addressed, among others, by Advocate Syed Ahmed, SN Jaman, Kamrul Alam Chowdhury, Shamsur Rahman, Mahub Alam, Sardar Jinnat Ali, Abu Amjad, SN Chowdhury Azad, Zafarullah, Abdul Majid Malik, Khan-daker Fazul Kadir, MA Halim, Swaidul Haq, Ali Ahmed Nazir, Moulana Huda, Sheikh Golam Rasul, Mohsin Khan, MA Latif, Hasan Ali, Dewan Ibrahim, Mokbul Hossain and Zillur Rahman.

Nat'l seminar on FDI begins today

A three-day national seminar on promotion of foreign direct investment (FDI) begins today at a local hotel, reports BSS.

Prime Minister Sheikh Hasina is expected to inaugurate the seminar, while Minister for Commerce and Industries Tofael Ahmed will preside.

Jointly organised by the Board of Investment and Economic and Social Commission for Asia and Pacific (ESCAP) the seminar will highlight key issues like policies and programmes in attracting FDI, role of private sector in Bangladesh, investment opportunities in export processing zone, power sector, Bangladesh ports and their potential, textile, privatisation and share-market.

The seminar will be followed by the first meeting of the regional network of boards of investment of Asia and the Pacific region from April 8.

Foreign investment in
CEPZ booms

From Nurul Alam

CHITTAGONG, Apr 4: The country has seen a boom of foreign investments in its first operational export processing zone based in the southeastern port city of Chittagong following a lull in political unrest.

According to official sources in the first six months of current fiscal year (July-December), Chittagong Export Processing Zone (CEPZ) drew a foreign investment of 11 million US dollars, an increase of 32 per cent compared with that of corresponding period a year ago.

In the last six months (July-December) of previous fiscal (95-96) year, CEPZ drew only 8 million US dollars of investment.

Presently investment surged to 17 million US dollars in CEPZ which was commissioned in the year 1983 with an investment below one million dollars.

Officials said investments in

CEPZ may go up by another 30 million US dollars in next six months with the commissioning of 13 more industries.

CEPZ, set up over 450 acres of land near the country's main port, has so far housed 71 operational industries.

South Korea topped the list with 17 industries, while Japan secured second position with 12 industries, officials reported said.

The entrepreneurs of 13 industries now under implementation stage at CEPZ are from Spain, USA, UK, Hong Kong, Japan and South Korea.

A senior official said "we are receiving more queries and response from foreign investors as we want to accommodate more investors here." As a result, it prompted the authorities to go for expansion of the export processing zone under third phase to be completed by the middle of next year," he added.

Meanwhile, export from CEPZ also posted an increase by 28 per cent in the first six months of current fiscal (96-97), officials said.

CEPZ exported finished goods worth 159 million US dollars from July to December of the current fiscal year as against 124 million US dollars during the same period in '95-96 fiscal year.

The exported goods included electronics, sports shoe, readymade garments, fishing reel, golf equipments, cap and camera lens.

An executive of a British owned pipe fitting industry now under implementation at CEPZ said low cost manpower had attracted them to invest here.

According to official sources, CEPZ has so far employed around 30,000 people in its industries.

Market indicators fluctuate heavily over the week

Bourses sharply react to SEC
probe report

By Rafiq Hasan

The country's capital market reacted sharply after the publication of the Securities and Exchange Commission's probe committee report and the immediate actions taken by the government against those who were mentioned in the report for alleged involvement in the manipulation of share market during the upheaval last year.

The government filed cases against a total of 42 share brokers and company directors and warrants of arrest were issued against them. Of them, only four got anticipatory bail from the court and the rest went into hideout.

The major market indicators of both Dhaka and Chittagong Stock Exchanges fluctuated heavily last week amid fears and tensions about Securities and Exchange Commission's probe committee report and government action against the accused.

Panic and fear grew among the people related with the capital market throughout the week due to various rumours about the future of the capital market.

Finally when the report was published on Wednesday and the government took stern action against those brokers and listed company directors who were allegedly involved in market manipulation, the DSE and CSE All Share Price Index fell by 89 and 20 points respectively on Thursday.

Though the DSE All Share Price Index fell by 19 points

over the week declining to 1138.09 points from 1157.60 points, its market capitalisation rose by Taka 210 crore.

The market capitalisation of the DSE closed at Taka 9202.98 crore from previous week's closing position of Taka 8991.73 crore.

On an average, prices of 61 issues declined, 57 gained while three remained unchanged everyday out of 121 traded issues and 2.77 lakh shares and debentures valued at Taka 6.51 crore changed hands during the week.

However, the All Securities Price Index of Chittagong Stock Exchange remained at previous week's closing day's position of 520 points.

But its market capitalisation rose slightly by Taka 75 crore closing at Taka 7392 crore from previous week's Taka 7317 crore.

Though upward trend prevailed in the beginning of the week, yet it ended with a massive fall in most of the share prices.

In the first two days of the bullish market, the DSE All Share Price Index had gone up to 1265 points. But on Monday it suddenly fell to 1198 points registering a 66-point decline.

However, the market showed a rising trend again on Tuesday and Wednesday posting 19 and 7-point gains respectively.

The market players and experts fear that the situation may aggravate further as a

number of companies alleged in the probe committee report are likely to be inactive.

Talking to this correspondent a number of korb market operators welcomed the government's actions saying that it would help restore confidence of the people in the capital market.

Management training course held

A day-long management training course for the secretaries and personal assistants was held recently at a local restaurant, says a press release yesterday.

Sponsored by Rapport Bangladesh Limited the training course was conducted by its Managing Director, M Mosharrar Hossain. The topics covered in the programme included basics of management, communication with special emphasis on use of telephone, and how to support the boss in performing his role effectively.

The course was represented by participants from Gas Transmission Co Ltd, Al-Baraka Bank Bangladesh Ltd, Mennonite Central Committee, Beximco Softech Ltd, Singer Bangladesh Ltd, Occidental Bangladesh Ltd and Bangladesh Insurance Agency.



M Mosharrar Hossain (sitting in the middle) is seen with the participants of a management training course for the secretaries and personal assistants sponsored by Rapport Bangladesh Ltd, held in the city recently.

Thailand-Myanmar
gas deal
criticised

BANGKOK, Apr 4: Thailand is turning a blind eye to human rights abuses in Myanmar in the drive to satisfy national energy demands. Thai opponents of a controversial gas pipeline project said Thursday, reports AFP.

Activists alleged that the Myanmar military is using forced civilian labour to support construction of the Yadana pipeline while the Thai government looks the other way.

"The pipeline will help Thailand get cheap energy at the expense of Myanmar people and ethnic minorities," Sulak Sivaraksa, a prominent social critic, told a meeting at Bangkok's Thammasat University.

SCL refuses to accept probe body finding

By Staff Correspondent

The Securities Consultants Limited (SCL) yesterday protested against the recent probe body finding that the company had been involved in the manipulation of the country's capital market.

The SCL strongly refused to accept the government-sponsored probe committee finding that said that among others the SCL had been involved in the alleged manipulation of the capital market, according to a statement issued to the press by the company's Executive Director, Moin Al Kashem.

The Executive Director of the company also assured the company's clients and friends home and abroad that it would effectively defend itself in the court of law.

However, clarifying an allegation that there has been no record of trading by the SCL in the DSE, although the DVP bank statements showed huge sales against the SCL account, Executive Director of the company said.

"The SCL is not a member of the DSE. The question of transaction record being kept with DSE in the name of SCL, therefore, does not arise."

The Hawlas in support of the reported transactions are supposed to be with the custodian banks and the authorised DSE brokers who executed the deals," Kashem said adding, "final records are still there with the banks and the members concerned."

On the allegation of unsettled deals, the SCL said that some deals remained unsettled as the foreign investors could not make the share certificates available through the custodian banks on the legally stipulated time. But it is well documented in the books of the custodian banks, while the investors concerned were also aware of the issue, the SCL added.

The company also claimed that the probe body, while probing into the allegations, did not make any query to the SCL at any stage of its investigation that resulted in providing misinformation even the composition of the company.

The SCL is a private limited company, comprising 12 directors and seven share-holders, run by the professionals. But the probe report described the company to be a syndicate comprising three persons.

New technique in CT diagnosis soon

Modern Diagnostic Centre Ltd, a leading diagnostic centre in the city, is going to introduce a new dimension in Computed Tomography (CT) diagnosis with ultra-modern and sophisticated spiral technique. The technique will be the first of its kind in Bangladesh, says a press release.

The equipment will be from an internationally reputed company Siemens AG, Germany.

This CT diagnostic centre will go in operation shortly at Dhanmondi, Dhaka.



Hugo Van Kattendijke, Managing Director, Van Ommeren Tank Terminals (Asia) BV, Singapore, called on the President, Foreign Investors' Chamber of Commerce & Industry, Mahub Jamil at the FICCI office in the city Thursday and discussed matters relating to expansion of the company's business in Bangladesh and prevailing investment climate in the country.

Share market scam
Members/brokers make good
number of fake DVP deals

By Staff Correspondent

The Enquiry Committee report on the share market found that during the upsurge of share trade, DSE and CSE members/brokers used the Delivery Versus Payments (DVP) mechanism between themselves in big domestic deals as well as foreign portfolio investments.

There were fake DVP deals in a good number of cases and these deals were recorded in the transaction sheet only when the concerned party settled the transactions. The report observed that a good number of such cases were not settled.

The Delivery Versus Payments system, under which settlement of transactions is not routed through the clearing house of the DSE/CSE, has been identified as one of the main tools of the manipulators.

The Enquiry Committee found that out of 205 listed securities in the DSE, only 43 securities trades were settled through DVP and most of the

DVPs took place in October-November '96 when indexes of both bourses reached staggering heights. It also found trading lots in DVP were much higher than normal market lots.

Foreign Portfolio Investors took recourse to the DVP system to dispose their shares in big lots in the rising market.

Some of the broker-members formed cliques and entered into transactions on the floor as per planned programmes to show as if there were high demands for the particular chips. This situation led to an artificial crisis.

Spreading of rumours among prospective investors played a big role in manipulating share prices. The brokers, agents and some employees of the related companies were engaged in propagating rosy picture about future expansion or important business development.

Pakistan announces farm
incentive package

ISLAMABAD, Apr 4: Pakistani Prime Minister Nawaz Sharif Thursday announced a package of unprecedented farm incentives aimed at boosting food production and achieving a green revolution in the country, reports AFP.

Unveiling the concessions at a national farmers convention here, Sharif vowed to make Pakistan self-sufficient in food and turn it into a food-exporting nation in two years with the cooperation of the farming community.

"I wish to see a green revolution," he told a cheering convention of 2,000 farmers from all over the country.

"It is shameful for us to be dependent for food on others," he said, pointing out that the country has to spend 90 billion rupees (2.25 billion dollars) annually on buying wheat, pulses, oilseeds, paper and pulp and other commodities from abroad.

"Food self-sufficiency is vital for a country to be truly sovereign," the newly-elected Prime Minister said.

Last week Sharif announced economic reforms, slashing import tariffs and general sales tax and lowering income tax for

individuals and corporations to stimulate industrial production.

"I want to see fluttering green fields along side mills and factories throughout the homeland," he said.

Sharif, whose party swept to power in February 3 national elections, has focused on revitalising the economy and initiated talks with rival neighbour India to ease bilateral tensions.

He increased procurement prices of wheat from 185 rupees (5 dollars) per 40 kilogram to 240 rupees (6 dollars) and a raise of 25 rupees (about 50 cents) in the support price of rice.

The procurement prices of sunflower seeds was raised from 385 rupees (10 dollars) to 450 rupees (11 dollars) per 40 kg and 12.5 per cent general sales tax (GST) stands abolished on cotton seeds.

Electricity rates for agricultural tubewells has been halved, but non-payment of bills and power thefts would be sternly curbed.

The package included a 50 per cent cut in interest dues on small loans obtained by farmers before 1992.



A single engine Turbo Beaver amphibian aircraft "Friendship 1" arrived at ZIA yesterday.

Pakistani shipping
magnate convicted
in BCCI fraud

LONDON, Apr 4: A Pakistani shipping magnate was convicted for the "biggest-ever" banking fraud" a London court, after he syphoned 1.2 billion dollars from the Bank of Credit and Commerce International (BCCI), police said on yesterday, reports AFP.

Abbas Gokal, Chairman of the Gulf Group Shipping and Trading Empire, used the cash to fund a lavish lifestyle, jetting around the globe in private aircraft and enjoying occasional spins in his two rolls royce cars — one parked in Geneva, the other in London.

The old bailey ruled that Gokal had masterminded the fraud along with senior BCCI officials, whereby Gulf Group received millions of dollars in unsecured loans even though the shipping company was "hopelessly insolvent."

He and his conspirators "falsified documents on a vast scale," fraud police said.

They added that senior management at BCCI were involved in the fraud, five hundred million dollars were "stolen by BCCI senior management."

Officers from Britain's Serious Fraud Office (SFO) said in a statement.

"Millions of dollars were going round in a circle everyday between BCCI and the Gulf Group," the SFO added.

BCCI subsequently collapsed, bringing disaster to depositors.

Taiwan, China may open direct shipping links

TAIPEI, Apr 4: Taiwan expects to open direct shipping links with China this month following Beijing's recent consent for five Chinese shippers to operate the routes, an official said Thursday, says AP.

Vice Transport Minister Mao Chih-kuo said Taiwanese authorities will soon grant permits for the services.

Taiwan and China agreed in January to begin direct shipping services between the southern Chinese port cities of Xiamen and Fuzhou and the southern Taiwanese port of Kaohsiung, partially ending a ban Taiwan imposed in 1949 on direct shipping.

But officially Taiwan still maintains the shipping ban. The Chinese freighters will be "coastal" rather than "picking up" goods in Kaohsiung, which will serve as a transshipment centre for goods to third countries.

Taiwan will add the central port of Taichung as another offshore shipping centre if the experiment is successful, Mao said.

Taiwan is home to the Nationalists who fled the Communist takeover of China in 1949.

Taiwan bans official contacts with China, and the booming Taiwan-China trade has been conducted mainly through the British colony of Hong Kong.

Gram Bangla Aviation Project

An aviation service called "Gram Bangla Aviation Project" is going to be introduced to serve the rural people by providing air ambulance and conducting relief operations, reports UNB.

A single engine Turbo Beaver amphibian aircraft "Friendship 1" of the project arrived at the Zia International Airport yesterday to provide service to the people.

Under the five-year project, another aircraft may be brought if necessary to meet the requirement in Bangladesh, said a press release of MAF-Sweden Air Support, an NGO which will sponsor the project.

The project, approved on January 20 by the Prime Minister's office, will give ambulance service to the rural people evacuating critical patients from remote places for treatment anywhere in Bangladesh.

US unemployment claims up

WASHINGTON, Apr 4: Initial claims for state unemployment benefits in the United States rose 1,000 to 314,000 for the week ending March 29 from a revised 313,000 the previous week, the Labour Department reported Thursday, says AFP.

The consensus forecast from Wall Street economists had been for jobless claims to remain unchanged from last week's initial estimate of 310,000.

Jobless claims in the week ending March 22 fell 1,000 to 313,000, compared with the initial estimate of a fall of 4,000 to 310,000 four-week moving average for initial claims rose 500 to 312,500 from the previous week.

The weekly jobless claims and four-week moving average have been below 320,000 since February 15, the longest period of time the average has remained below this level since the period between August 1988 and June 1989.

Move to draw foreign investment may finally be paying off

NEW YORK, Apr 4: Bangladesh's recent attempts to draw foreign investment may finally be paying off, reports UNB.

Reviews of the country's economic profile have become increasingly positive and investors are beginning to pay closer attention to business prospects in Bangladesh, especially in its oil and gas sector.

The latest to join in the adulation in the conservative Economist Intelligence Unit (EIU).

In its latest country report issued March 26, the London-based EIU has lauded the government initiatives to open up the power and communications sector to private investors.

The report forecasts that with agriculture sector rebounding and industrial growth recovering, the country's GDP growth will pick up in 1997-98 to around 5.8 per cent.

This will be a significant recovery from disruptions to both industrial and agricultural production in 1995-96, when GDP growth was only 4.7 per

cent. The EIU commends the present government's push for economic reforms, but cautions that much will depend on the country's political situation.

The report notes that the ruling Awami League, which is pursuing "ill-advised policies," has already squandered the initial goodwill that accompanied its June 1996 election victory.

EIU also feels that Prime Minister Sheikh Hasina will find it increasingly difficult to wield the political clout necessary to push through economic reforms.

The guarded optimism is shared by many economic analysts in the US who closely follow local economic trends in the region.

Dr Shafiq Islam, well-known for his work on economic reforms in Eastern Europe and China, thinks the prospects for Bangladesh are "excellent" and the government appears very keen on allowing foreign investment. A lot, how-

ever, depends on the country's political stability and its determination to establish a rule of law.

"One of the corporate executives who recently visited Dhaka told me Bangladesh was now the freest economy in Asia," Dr Islam told UNB. He himself visited Dhaka in February this year and found bureaucrats to be receptive to the idea of relaxing their control.

"There is still a lot of red tapism, bureaucratic control and corruption, but the window is opening up," he said.

Dr Islam, who served as a Senior Fellow in the prestigious Committee of Foreign Relations and until recently worked as Credit Suisse bank's chief market strategist, said several major US corporations were interested to invest in Bangladesh.

Oklahoma-based Smithco Generation has already won a contract on setting up a barge-mounted power plant. Such major corporations as Mobil, Unocal, Enron and Occidental are also actively pursuing business

opportunities in Bangladesh. Most of them have their eyes set on the lucrative energy sector.

Dr Islam said foreign investors have found the new energy policy of the government rather attractive.

"The key is political stability. Equally important is a sense of confidence in the minds of foreign investors about the rule of law," he observed.

There are many powerful corporate bosses in Bangladesh who are closely aligned with the government. Some of them have so much "extra-judicial power" that he was not sure whether the government had the ability or the political will to move against them.

Dr Islam was both shocked and amazed to learn about recent move by Dhaka police to hunt for trader implicated in last year's stock market scam. "This is very encouraging, but can they pull it off?" he asked, sounding incredulous.

The question of market reform is also high on the "shop-

ping list" prepared by the US-based Heritage Foundation in its 1997 Index of Economic Freedom.

The Foundation, known for its conservative position on various social and economic issues, gives Bangladesh low rating, describing it as "mostly not free."

The report, based on 1996 data, notes that the tariff in Bangladesh is still very high, the state's presence in the economy continues to be large, many sectors are effectively closed to foreign investors, and high level of wage and price controls continues to negatively affect the economic growth.

It singles out corruption and the outdated business laws as the "largest regulatory problem" in Bangladesh. Private businesses are often faced with laws that do not protect private contract, the report says.

Dr Islam agrees with the Foundation's findings on corruption. He said, "There can be institutional corruption which

may not necessarily impede the investment process. In Japan, Korea and Taiwan, corruption is very high, but very few people question the efficiency of the business environment.

"In Bangladesh, there is inefficient corruption and business people have to pay the extra money and do not get the goods delivered."

The US-based think tank Transparency International, in a report issued in November last year, rated Bangladesh as the fourth "most corrupt country" in the world.

On a scale of 0 to 10, its gave Bangladesh 2.29 points. Bangladesh was preceded by Kenya (2.21), Pakistan (1.00) and Nigeria (0.69). The report was based on interview with hundreds of international business executives.

The challenge for Bangladesh is to overcome this unhappy image. This could prove as tough as fighting poverty and under-development," Dr Islam told UNB.