

**China-Lanka venture to produce cement**

COLOMBO, May 30: China plans to invest in a 12 million dollar joint venture project to manufacture cement in north-western Sri Lanka, a local newspaper reported Friday, says AP.

The Yantai Fushan Foreign Trade Corporation of China will collaborate with the Industrial Development Board and Impala Industrial Corporation of Kandy in the project.

The venture is expected to create 4,000 jobs, the state-owned Daily News reported. It did not say when the plant would be ready.

The plant in Puttalam district is expected to produce 300,000 tons of cement per year, the newspaper quoted the Industrial Development Minister Clement Goonetilleke as saying.

That meets 10 per cent of the cement requirement of Sri Lanka which imports one million tons of cement every year.

**Payoff scandal Ex-Nomura chief held in Japan**

TOKYO, May 30: Prosecutors arrested the former president of Nomura Securities Friday on charges of approving illegal payoffs to corporate racketeers, a Nomura spokesman said, reports AP.

Hideo Sakamaki was arrested early in the morning at his home in central Tokyo on suspicion of violating Japan's commercial code by authorising payments of some 50 million yen (430,000 dollars) to "sokaiya" racketeer Ryuuchi Koike.

"Sokaiya," who usually have links with organised crime, extort money from companies by threatening to disrupt stockholders meetings with embarrassing revelations.

The Tokyo District Prosecutors Office declined to comment on the arrest.

Three other Nomura executives and the two sokaiya racketeers who allegedly received money from Nomura were arrested earlier this month in connection with the scandal.

Sakamaki, who resigned last month from his post as president after the scandal broke, testified in the Upper House earlier this week that he had met Koike in the past but that he had no prior knowledge of the payoffs.

In a related development, the Yomiuri Shimbun reported that Sakamaki ordered company employees to stop an internal investigation into Nomura's connections with sokaiya racketeers.

Sakamaki assumed the presidency of Nomura in 1991 following the resignation of his predecessor in a separate scandal involving paybacks to major clients to compensate them for market losses.

Nomura, Japan's largest securities firm, admitted in early March that two of its directors had made unauthorised stock transactions and funneled the profits into the account of a sokaiya client.

**Dollar rises against yen**

TOKYO, May 30: The US dollar rose slightly against the yen, reports AP.

In currency trading, the dollar inched higher against the yen as dealers covered short positions ahead of the weekend.

The dollar cost 116.36 yen at mid-afternoon, up 0.02 yen from late Thursday. It settled at 116.28 yen in New York.

**Spare-parts crisis affects Iraqi power system**

BAGHDAD, May 30: Iraq says its power generating system is working at less than half capacity because of lack of spare parts, reports Reuters.

"Only 40 to 50 per cent of the capacity of the whole power generation system has been regained," Kareem Wahid Hassan, Director-General of Dora Power Station in Baghdad, told reporters late on Wednesday night.

Hassan said Iraq had used up most of the spare parts in government stores to maintain even that low capacity.

Industry and Minerals Minister Adnan Abdul-Majeed said earlier this week over 2.5 million families in Iraq were without electricity and blamed the United States for blocking contracts on power spare parts.

Iraq is under stringent sanctions imposed for its 1990 invasion of Kuwait.

Hassan complained about the sluggish approval of power contracts by the UN sanctions committee on Iraq.

**Dhaka stock market stabilises**

By Rafiq Hasan

Dhaka stock market stabilised last week after massive correction in the share prices over the months and recent changes in its management.

Some DSE members and stock brokers felt that the market behaved in a fair way as All Share Price Index remained stable during the period while some others thought that transaction of huge shares belonging to some particular issues indicated different phenomenon.

DSE chairman Abdul Huq Howlader termed the present situation very much stable and said that the minor changes in share prices showed actual position of the capital market.

Commenting on the situation prevailed in last year's October-November period, a DSE member said that though the price index did not rise significantly during the week, voluminous trading took place every day.

He said shares of some particular issues are being transacted in high volume and it should be known that who are the buyers of those shares.

If those group which played a major role in last years unusual price hike, starts playing in the market there is a possibility of returning the same situation again, he noted.

According to him, the 10 per cent circuit breaker on fluctuation of share prices should be withdrawn for the normal growth of capital market in the country.

Instead of imposing circuit breaker on all issues the SEC can think of imposing it on some particular issues, he added.

The DSE All Share Price Index fell by 10.34 points over the week closing at 1227.02 points from 1216.68 points previous week.

The market capitalisation of the country's premier bourse also declined by Tk 86.87 crore to Tk 10127.85 crore from Tk 10213.92 crore.

The transaction in volume increased significantly in the recent time as, on an average, 3.68 lakh shares and debentures changed hands everyday last week against the transaction of 1.69 lakh shares and debentures in the later part of previous month.

Out of 134 traded issues, prices of 72 gained while 58 incurred losses and four remained unchanged.

Meanwhile, an uncertainty and fear have developed among the kerb market operators due to a large number of fake shares in the market and unfair business by some organised groups.

Talking to this correspondent, some outmarket operators alleged that they faced harassment and threat by some groups while protesting against the forged share certificates.

Muniruzzaman, President of Bangladesh Small Investors Federation (BSIF), however, admitted the matter and said that the gang fled away when he along with some other BSIF leaders tried to investigate the matter.

Welcoming the change in the DSE leadership, the BSIF leader further said: "We had demanded that the accused in the share market scam should be removed from the key post of the DSE and that demands were met."



Syed Anisul Huq, Managing Director, Southeast Bank Ltd, distributed certificates among the probationary officers who participated in the foundation course of the bank. A H M Nurul Islam Choudhuri, Director General of Bangladesh Institute of Bank Management, presided over the concluding session.

**Cumulative losses by SOEs stand at Tk 42,000 cr in 21 yrs**

Only 12 industries were privatised in last four years, he said adding that not a single unit was privatised in last 11 months but, 61 SOEs were identified for privatisation. In last one month, Letters of Intent (LOIs) were issued against eight enterprises, he said.

He hoped that the Board would be able to finalise the sale of at least 10 out of 61 identified SOEs by 1996-97 fiscal year.

The industries against which LOIs were issued include Hafiz Textile Mills, Chittagong, I K Industries, Chittagong, Bangladesh Cold Storage, Munshiganj and Feroz Ata Dal Mill, Bandarban.

Three LOIs were issued Thursday against Deshbandhu Sugar Mills, Narsingdi, Ashrafia Oil Mill, Khulna and National Ice Factory, Kishoreganj.

Besides, majority shares of nine public limited companies are being offloaded in the stock exchanges. These include Reckitt and Colman, National Tubes, Eastern Tubes, Atlas (BD) Ltd, Metalex Corporation, Osmania Glass Sheet, Renwick Jaineswar and Co, Zeal Bangla Sugar Mills and Shyampur Sugar Mills.

Prime Minister Sheikh Hasina has approved the sale of these industries, Zafarullah said. Estimated revenue earnings from these sales for the financial year would be around Tk 100 million.

The Board Chairman said the government has decided in principle to privatise Chhatak Cement Factory by any means. "We are trying to get government approval for bigger and appropriate rebate for cash down offers to the potential customers."

Zafarullah said the Privatisation Board is now following two methods for privatising — one is sale by international tender and the other sale by public offer of shares.

Certain measures were taken recently to revitalise the Board activities following which the Chairman has been appointed from outside bureaucracy and was given the rank and status of a state minister, he added.

He said parliament members and representatives of business community, professional groups and labour fronts would be included in the Privatisation Board.

**BEA seminar: Economists identify ways of industrialisation**

A leading economist of the country yesterday said that lack of proper education, training and organisation was largely responsible for fast increase in unemployment in the country, reports BSS.

Dr. Quazi Kholiquzaman Ahmed, Chairman of Bangladesh Unnayan Parishad, said the absence of these three key elements has been in fact the worst cause of poverty keeping the vast workforce away from jobs.

He was presiding over a discussion session on "Industrialisation: Private sector development" held in the auditorium of Development and Planning Academy, Bangladesh Economic Association organised the session as part of its two-day national seminar which was inaugurated on Thursday.

Noted economists including Professor Montazuddin Ahmed, Professor Abul Kalam Azad, Dr Mustafizur Rahman, Professor A Bayes, Dr Taufiq Ahmed Chowdhury, Dr Najma Begum, Ali Ashraf, MP, former secretary Al-Hussainy and Professor Golam Azam Azad said the past governments had betrayed with their own commitments for industrialisation but the present government was trying heart and soul to infuse life into this process through various reforms.

In this respect, he suggested mobilisation of the educated and semi-educated unemployed force after proper training through adopting pragmatic approaches in all productive sectors.

"The government may enlist all unemployed bachelor and master degree holders and select the promising ones for training to help them establish as entrepreneurs with required amount of loans, he said.

Professor Azad said the economy had already lost hundreds of crores taka as loan default or bad loans but in this case the government could take a challenge by providing Taka 1000 crore in the hands of such promising entrepreneur.

Professor Montazuddin Ahmed urged the government to infuse dynamism into small and cottage industries through flexible specialisation making them adaptive to compete with the ongoing process of globalisation.

"We should shun the old ideas and take up appropriate programmes through collecting new data and information so that small productive units can contribute a lot to the GDP," he said.

In this respect, Professor Montazuddin Ahmed urged the government to help increase professional capability in the Bangladesh Small and Cottage Industries Corporation (BSCIC) to contribute towards growth of modern small industries in the country.

Professor A Bayes identified good governance, education and accountability as the three main factors for economic development. He also said that the legal system would have to be made a time-befitting one for speedy growth of market economy in the country.

"There should also be a ban on informal trade along the border," he said adding that it would help the internal market to grow.

Al-Hussainy urged the Bangladesh Economic Association to provide pragmatic ideas to the government to help it develop the private sector in all possible ways to increase productivity as well as trade with other countries.

In this respect, he stressed the need for developing the local workforce as well as entrepreneurs with modern outlook so that foreign investors could be attracted towards Bangladesh.

The foreign investors want to see how the local investors respond to the call of the government," he said.

Professor Abul Kalam Azad urged the government to take effective measures to reduce trade gap with other countries by increasing exports of Bangladesh goods.

"We must have a vision to turn the trade gap into trade surplus by increasing export and decreasing import," he said stressing the need for fixing a time to fulfill that vision.

Dr Mustafizur Rahman said India's exports to Bangladesh

**China tightening control over construction industry**

BEIJING, May 30: China's Ministry of Construction is tightening control over building projects by establishing exchange centres throughout the country, China Daily reported Friday, says AP.

The centres will serve as the only legal channel through which property owners and developers can make contract with contractors and subcontractors, the newspaper reported.

So far such centres have opened in 92 Chinese cities and more are expected to start later this year.

Safety questions and the quality of Chinese buildings have mounted because of serious accidents that caused deaths or injuries.

The collapse of a factory dormitory in Putian, a city in Fujian province, killed 31 people and injured 79 in March, the report said.

A survey by the Ministry of Construction discovered more than 40 per cent of all building projects begun in 1995 and under construction in 1996 lacked approval from supervisory authorities.

The same survey found more than 500 buildings completed before 1995 to have serious defects.

**Foundation course for Southeast Bank officers ends**

A month-long foundation course for the probationary officers of Southeast Bank Ltd concluded on Thursday, says a press release.

The BIBM conducted this specially designed course. The course stressed various operational areas of banking laws and practices, specific banking legislation, deposit banking, foreign exchange operations, audit and inspection, customer services etc.

A H M Nurul Islam Choudhuri, Director General, BIBM presided over the concluding session of the course, while Syed Anisul Huq, Managing Director of Southeast Bank Ltd, was present as the chief guest.

Choudhuri in his speech underscored the importance of training for developing knowledge and professional skills.

Anisul Huq distributed certificates to the participants. Both Huq and Choudhuri expressed the hope that the officers, trained in the course, would be able to prove themselves efficient, skilled and confident in their respective fields of operations.

A T M Abdus Shahid and Md Nurul Islam, BIBM faculty members and coordinators of the course also spoke on the occasion.

**Kabila pledges to help eradicate unemployment**

KINSHASA, May 30: President Laurent Kabila targeted transport and monetary reform in his inauguration address on Thursday and said his administration would aim to eradicate unemployment, reports Reuters.

But his address, which concentrated more on political change under the third republic since independent from Belgium in 1960, did not go into whether his administration would pursue market-oriented reforms as a means to this end.

"We must rebuild the state so that it is able to play a role in the management of the country," he told a crowd of tens of thousands of supporters and curious Kinshasa residents in the capital's huge Chinese-built sports stadium.

"We must tackle the rehabilitation of all our social and economic infrastructures, particularly transport, which is a condition for development," he said.

**India to raise prices of petroleum goods soon**

NEW DELHI, May 30: The Indian government will increase prices of petroleum products in the next few days, Prime Minister Inder Kumar Gujral said yesterday, reports AFP.

Gujral told the national Doordarshan Television network that the hike would partly offset a galloping deficit.

"There is no alternative but to increase the prices," he said.

The increase is aimed at bringing down the heavy financial burden on the government caused by petroleum subsidies totalling 4.4 billion dollars.

"It is not possible to buy these products at high prices and sell them at lower prices. This had already created a huge deficit in the oil pool account," he said.

The government is currently offering a subsidy of 100 rupees (2.85 dollars) on each canister of liquefied petroleum gas for cooking priced at 120 rupees (3.4 dollars), Gujral told the station.

Gujral said his 37-day-old ruling United Front coalition would soon identify petroleum products whose prices had to be increased so that there was "minimum burden on the common man."

**Reform package to enhance efficiency of UNDP**

UNITED NATIONS, May 30: The Executive Board of the United Nations Development Programme (UNDP) has approved a comprehensive package of reform proposals — UNDP 2001 — to enhance efficiency, flexibility and programme quality, reports Xinhua.

UNDP was given an important new mission to promote sustainable human development in 1994, but its basic structure and methods had remained the same for decades. The reform was aimed to enable the UN agency to respond quickly, flexibly and with quality programme to eliminate poverty, create jobs, advance women and protect the environment, according to UNDP Administrator James Gustave Speth.

UNDP has offices in 132 countries and manages a programme of over two billion dollars.

The key reforms which were approved last Friday and would be phased in between 1997 and 1999, include:

Some 20 per cent of headquarters professional staff will move to UNDP country offices or to sub-regional facilities over the next three years.

UNDP will establish a system of sub-regional facilities in the five programme regions it serves.

Full authority is being delegated to UNDP country offices to develop and approve programme within a country cooperation framework authorised by the executive board.

UNDP managers worldwide will be able to act quickly but with accountability because of new ex-post-accountability measures.

UNDP headquarters is being restructured to support the decentralisation move and will concentrate on issues such as planning, advocacy of programme country development needs, accountability and fundraising.

**Chinese President okays reforms in SOEs**

BEIJING, May 30: President Jiang Zemin has put his seal of approval on reforming China's huge and debt-ridden state enterprise system in a speech released Friday that will guide Communist officials in tackling China's most difficult economic problem, reports AP.

Jiang, in a graduation speech to senior officials at the Communist Party School, said the state-owned sector is "a pillar to China's national economy," and it was "an important and extremely arduous task facing the whole party to speed up reforms in the state-owned enterprises."

The speech did not contain any bold new approaches, but endorsed expanding experiments already under way. It also signalled that state enterprise reform will be a key topic when the party leadership holds a congress this fall.

China's leaders have been cautious about state enterprise reform, fearing that massive layoffs would lead to social instability. Recently, however, layoffs have been increasing as debts and bankruptcies mount.

China's state enterprises employ some 110 million people, or two-thirds of the urban work-force. Many are heavily in debt, causing a large drain on the state budget.

Chinese statistics show one-third are in the red but other analysts say the figure is higher.

Last year more than 10 million people were laid off, by official count. Millions more are technically still employed but receiving no pay or reduced wages. Pensions of some workers have been withheld or reduced.

Jiang said he supported experiments to create large state enterprises in key sectors and to allow limited private ownership.

Some smaller state enterprises should be allowed to incorporate as share-holding companies, the president said.

Jiang also called other measures to revitalise smaller enterprises, including mergers with healthy enterprises and internal restructuring.

But he emphasized, as he has in the past, that public ownership will remain the mainstay of the economy.

Jiang also stressed that China would continue the course of economic reforms and modernisation guided by the late senior leader Deng Xiaoping's theory of "socialism with Chinese characteristics".

**Declining income WB may change lending strategy**

UNITED NATIONS, May 30: The World Bank may consider adapting its lending strategy in order to avert declining income, the bank's President, James Wolfensohn, said on Thursday, reports Reuters.

"I'm putting various ideas to the board, but very softly," Wolfensohn said at a press conference here.

At the World Bank and International Monetary Fund meeting in Washington last month, Wolfensohn had said the bank's pricing structure earned it little or no money on some loans.

"This is not a crisis, but it could be a crisis if you did nothing about it," Wolfensohn said on Thursday.

The World Bank borrows money in the financial markets and leads it to developing countries at a small margin.

Addressing the bank's goal of attracting investment in developing countries, Wolfensohn said the World Bank must consider social concerns as well as economic aspects.

"We have concluded... that in terms of the balance of our work it's mix between macro-economic infrastructure and a far greater involvement now at the social level," he said.

Basic social problems of poverty, inequality and injustice lead to conflicts that impede economic development and turn investors away, he said.

But such progress as improving education and alleviating income disparities makes a country more attractive to foreign and domestic investors, Wolfensohn said.

"If you can create the environment in which foreigners will invest, there is a pretty good change you'll create an environment in which your own citizens will invest," he said.

**Russian govt's huge debt to pensioners eases slightly**

MOSCOW, May 30: The Russian government is chipping away at its huge backlog of payments to pensioners but still owes them 10.5 trillion rubles (over 1.8 billion dollars), a top official said Thursday, reports AP.

Government officials have said previously they hope the wage — and pension-payment crisis can be solved by the end of June.

Vasily Barchuk, board chairman of the Russian Pension Fund, made the progress report at a meeting of the government, the ITAR-Tass news agency reported.

Last week, a government auditing official said the backlog in pension payments was at 12.5 trillion rubles (2.2 billion dollars) by April 1 — down slightly from 13 trillion rubles (2.3 billion dollars) in February.

The government also has reported it is 3 trillion rubles (520 million dollars) behind in its wage payments, a significant improvement from last December.

The payments crisis is the biggest immediate problem facing President Boris Yeltsin's government as it strives to complete the lengthy transition from communism to an efficient free-market economy.

Millions of state workers and pensioners have gone without pay for months because of the country's continuing economic crisis and a dramatic shortfall of taxes and other revenues.

Yeltsin promised during last year's re-election campaign to pay off the backlog of pensions by the end of March 1996.

After a Cabinet shakeup by Yeltsin this year, the government is going after large enterprises which owe it billions of dollars in unpaid taxes. Among the largest debtors is the utility giant Gazprom, which Barchuk said now owes 960 billion rubles (165 million dollars).

**Rising fuel costs put JAL into the red**

TOKYO, May 30: Japan Airlines, the nation's largest airline, said Friday it lost 9.24 billion yen (80 million dollars) in the last fiscal year, mainly because of sharply higher fuel costs, reports AP.

The loss came even though revenues rose seven per cent to 1.195 trillion yen (10.3 billion dollars) from 1.116 trillion yen (9.6 billion dollars).

JAL earned 492 million yen (4.2 billion dollars) the year before. Japan's fiscal year ends March 31.

The airline said an eight per cent increase in fuel costs pushed its operating expenses up to 1.191 trillion yen (10.27 billion dollars). The weakening of the yen also made it more expensive for JAL to pay its overseas costs.

Despite the Japanese economic slowdown and the decline of the yen, both of which tend to discourage overseas travel, JAL said there was more demand for passenger flights during the year. Its cargo business also grew.

Due to the poor result, JAL said it would not pay a dividend to its shareholders this year.

Over the last five years had increased in a faster pace. At present the ratio of exports between the two countries stands at 21:1 which means India exports to Bangladesh goods worth Taka 21 while Bangladesh exports to India goods worth Taka only 1.00, he said.

He said Bangladesh would have to think seriously about this sky-high trade gap between the two countries as the region would become free trade area in the year 2001.

Dr Toufiq Ahmad Chowdhury urged the government to come out of the long-standing loan default culture through implementing its reforms programmes in the banking system as well as the legal system.

"If this trend is allowed to continue anymore, the liquidity problem will increase which will gradually decrease the confidence of depositors," he pointed out.

In this respect, he suggested the Bangladesh Bank to come forward with adequate financial instruments to contain the liquidity problem.