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BUSINESS

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HYUNDAI
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Japan criticises US sanctions on Myanmar

TOKYO, July 11: Japanese Trade and Industry Vice Minister Tadamasa Makino yesterday criticised sanctions imposed on Myanmar by the US state of Massachusetts, reports AFP.

"We are still discussing what to do as the government, but it is a regrettable move," Makino said at a press conference.

"Considering the fact that the European Union has requested the US to hold talks at the World Trade Organisation July 20, we will look closely at the US measures," he added.

The dispute centres on a 1996 Massachusetts law which bars state-owned entities from buying goods from companies doing business in military-ruled Myanmar, that has led to the blacklisting of about 150 foreign companies.

The EU has threatened to take the US to the WTO over the issue, the EU claims the law violates a WTO provision committing most states to open all government contracts to international competition.

On Tuesday, a Japanese trade official said Japan may join the EU in taking the US to the WTO over the sanctions law.

"We are considering taking part in the talks as a third country," said the official in charge of international agreements at the Ministry of International Trade and Industry.

IMF urges Third World to go in for bold structural reforms

WASHINGTON, July 11: The International Monetary Fund (IMF) has called upon developing countries to slash military expenditure and go in for bold structural reforms to accelerate growth, reports PTI.

Countries can accelerate growth and increase equality of economic opportunity if they take a bolder approach to structural reforms IMF Managing Director Michael Camdessus said in a speech to the United Nations Economic and Social Council yesterday.

Quality of fiscal adjustment, bold structural reforms, better governance and stronger financial institutions should constitute the "second generation" of reforms in developing nations, he stressed.

Developing states boost world flows of FDI

GENEVA, July 11: Developing countries boosted their share of inflows of global foreign direct investment (FDI) last year to 129 billion dollars or 37 per cent of the total, the United Nations reported on Friday, reports Reuters.

But figures issued by the UN's trade and development agency UNCTAD showed that although world flows of FDI grew for the fifth year in a row, they saw a sharp slowdown from a 34 per cent surge in 1995 to only seven per cent in 1996.

Total global FDI last year — an average of recorded inward and outward flows — was just under 350 billion dollars, an increase of 25 billion dollars, the agency said.

UNCTAD, the United Nations Conference on Trade and Development, gave no country-by-country breakdown pending publication of its detailed annual FDI report in September.

But it said data for 1996 confirmed two fundamental trends — that cross border mergers and acquisitions were increasingly the driving force behind FDI, and that developing countries were "increasingly significant players in FDI flows" as both recipients and investors.

Developing countries not only sharply increased their share of FDI inflows, which in 1995 had stood at 30 per cent of the total or 100 billion dollars, but "a limited number" also emerged as significant investors abroad, the UN agency said.

The increasing contribution of these states — identified in earlier studies as Asian economies like Singapore and Malaysia — had brought the share of the developing world in global FDI outflows to 51 billion dollars or 15 per cent of the outflows.

Oil futures prices drift lower

NEW YORK, July 11: Oil futures prices drifted lower Thursday ahead of a meeting in Iraq at which Baghdad will negotiate with UN officials over the resumption of humanitarian oil sales, reports AFP.

Light sweet oil for August delivery settled at 19.22 dollars per barrel, down 24 cents, on the New York Mercantile Exchange.

The Iraq-United Nations meeting Sunday will deal with the resumption of an oil-for-food programme that would allow Iraq to make a second round of oil sales to raise funds for food and medicine purchases.

BEPZA makes little progress to set up EPZ at Mongla

By Rafiq Hasan

The Bangladesh Export Processing Zone Authority has so far made little progress in implementing the government plan to set up an export processing zone (EPZ) at Mongla, sources at BEPZA said.

They said though the government decided to set up an EPZ at Mongla in Khulna district about two years ago, the project slowed because the area did not have infrastructural support like gas, fresh water and adequate road links to attract foreign investors.

An official from BEPZA said although local companies are allowed to set up 100 per cent export-oriented factories in

EPZ areas, the main objective of the zone is to lure foreign firms to relocate their industries in Bangladesh.

An official, who requested anonymity, said work progressed slowly because Mongla EPZ did not have a supply of gas or fresh water and thus would not attract foreign investment.

But senior officials in BEPZA disagreed. Moazzem Hossain Khan, chairman of BEPZA, said the authority has already selected an area near Mongla Port to implement its project.

The land is owned by the Port Authority and will formally be handed over to BEPZA

shortly. In the first phase, it will take 200 acres of land and develop about 250 industrial plots which the government will allocate to the foreign and local investors.

He said the project would gain momentum after the improvement of some infrastructural facilities in the area like building a bridge over the river Rupsha and construction of an airport.

Khan also said the government is likely to set up a 161 MW power plant at Mongla to take advantage of a gas reserve discovered at Shahbazpur in Bhola district. He suggested the line could also supply gas to the

Mongla EPZ.

Khan said the government has planned to tackle the water problem. He said officials from the Public Health Engineering Department surveyed the area and found a vast reserve of fresh water nearby under the Rampal thana. He said the department could dig a deep tube well at the site and build a 6 km pipeline to transport the water to the proposed EPZ.

The chairman said BEPZA wanted to complete the construction work of Mongla EPZ and the infrastructure projects at a time.

The EPZ project will cost more than Tk 100 crore.

Norwegian co Scancem to invest in Bangladesh

The Board of the Nordic cement and building materials group Scancem has decided to invest in India and Bangladesh, said a press release.

Through its subsidiary Scancem International, the group intends to acquire 25 per cent of the shares in the Indian cement company Narmada Cement Company Ltd. The investment will be made through an issue of new shares in Narmada.

The agreement in India is subject to approval by the country's authorities and sufficient financing of an extension of the production capacity. Scancem International also invests, together with international partners, more than SEK 200 M (25 million US dollars) in a cement facility in Bangladesh.

Long-term strategy
These investments represent an important first step towards realizing the group's long-term strategy in Asia comments Scancem's CEO Seven Ohlsson. We hold a leading position within international cement operations and trading and have long experience from the United States, the Middle East and Africa. We will now transfer this combination of trading and handling cement as well as management services to a market which is new to us.

Import terminal in Bangladesh
The investment in Bang-

ladesh will comprise a floating import terminal in Chittagong a silo ship with a capacity of 30,000 tonnes — and specialty vessels for transporting the cement to the capital Dhaka.

Storage facilities and a packing plant will also be built in the capital. The project will be completed by the end of 1998. Later, the establishment of a shore based cement grinding facility in Chittagong will be considered, in which case the import of cement will be changed to the import of clinker. The total annual cement consumption in Bangladesh amounts to 3.2 million tonnes.

Today, Bangladesh has a low cement consumption in relation to its 125 million inhabitants. Cato A. Holmsen says.

The country is currently in a positive phase of development. Our aim is to gain a substantial market share and later develop operations further. Together with international partners we will own 70 per cent of shares in a company to be established where local companies and financial institutions will hold the remaining 30 per cent. We aim to finance the investment through the World Bank subsidiary IFC and Nordic finance institutions.

Scancem International will manage the cement operations in Bangladesh through its subsidiary Scancem Asia Pacific Ltd. in Singapore.

Flight attendants' strike set to end early today

BA passengers face hours of delay, hassle

LONDON, July 11: British Airways, already losing millions in a flight attendants' strike, faced more labour troubles after 9,000 ground workers rejected the company's plans to sell its remaining inflight catering operations, reports AP.

The Transport and General Workers Union said it would not decide until next week whether the workers will strike in the catering dispute, but any signs of more trouble would be unwelcome to British Airways.

British Airways, struggling Friday to salvage as much of its flight schedule as possible, said it was "disappointed" by the ground workers' stance.

Dozens more flights out of London's Heathrow and Gatwick airports were canceled. Incoming flights also faced disruptions, although no exact figures were immediately available.

The 72-hour flight attendants' strike is set to end early Saturday, but the blow has been big for British Airways, which had to ground hundreds of flights and strand tens of thousands of passengers, mainly at London's Heathrow and Gatwick airports.

People trying to get home have often been diverted through different countries, facing hours of delays and hassles.

"This is absolutely the last

thing in the world that you need," said Tina Roberto, who was headed for Johannesburg, South Africa, as she tried to fly from Washington to Harare, Zimbabwe.

Even when the strike ends, it appears unlikely that British Airways will have made peace with its flight attendants. And the airline said more flights will be disrupted as it tries to bring business back to normal.

The head of the transport union, Bill Morris, said Friday morning there was "an opportunity to take a pause for peace." But Morris, speaking on BBC Radio 4, lashed out at "gestapo tactics" taken by British Airways management against the strikers.

The British Airways chief executive, Robert Ayling, said he was ready to talk with the union at any time "but we want to talk about the agreement we have on the table with the other union."

British Airways has been able to maintain its partial flight schedule through the strike with help from 3,500 flight attendants who are members of a breakaway union, Cabin Crew 89, that has accepted management's pay offer.

There have been no talks between the two sides since the workers walked off the job Wednesday.

US dollar rises sharply against yen in Tokyo

TOKYO, July 11: The US dollar rose sharply against the yen Friday as investors fearing instability in other Asian currencies looked to the dollar as the most reliable currency, reports AP.

Traders said worries were rising that Southeast Asian currencies may be due for a devaluation of some sort.

The Philippine central bank said Friday that it will allow the Philippine peso to trade in a wider range, sending that currency plunging.

In mid-afternoon, the dollar was traded at 113.92 yen, up 1.22 yen from late Thursday in Tokyo and also above its late New York rate of 113.18 yen overnight.

The dollar also rose amid cross-rate selling of the yen against the British pound and the Australian dollar.

Nepal proposes '97-98 budget aiming at higher econ growth

KATHMANDU, July 11: Nepal's Finance Minister Ravindra Nath Sharma said that higher and sustainable economic growth, poverty alleviation and rural development will be the government's top priorities in the ensuing fiscal year beginning on July 15, reports PTI.

Presenting the 62 billion rupee budget for the financial year 1997-98 at the joint session of parliament yesterday, Sharma said that the budget aimed at removing the obstacles of higher economic growth by gradually broadening and strengthening the liberal, open and market oriented policy of the three party coalition gov-

ernment in the country.

The budget estimate of 62,022,294 million rupees is 7.74 per cent higher than the proposed estimates for the current financial year and 21.21 per cent higher than the revised estimates.

Sharma said of the total expenditure, 27,983,446 million rupees had been earmarked for regular expenditure and 34,038,848 million rupees for development expenditure.

Of the total expenditure, 34,852,471 million rupees would be financed by foreign grants that include 3877,829 million rupees bilateral grants and 2151,700 million rupee multilateral grants.

Nepal expects \$ 106m in foreign aid

KATHMANDU, July 11: Nepal hopes to get 105.6 million dollars in foreign grants to help its poverty alleviation programmes set out in its annual budget for the next financial year, Finance Minister Ravindra Nath Sharma said Thursday, reports AP.

The main donors to Nepal are Japan, Germany, Britain and the USA along with the World Bank and the Asian Development Bank.

The foreign aid forms 10 per cent of what the government proposes to spend in the financial year that begins on July 14.

Last year, Nepal received 273 million dollars in foreign aid.

Nepal is one of the least developed countries in the world. Only 48 per cent of the 20 million people have access to safe drinking water and 70 per cent of children under the age of five suffer from malnutrition, according to the World Bank.

About 11 million people live on one dollar or less per day. The annual per capita income of 200 dollars.

The government aims at bringing the percentage of people below the poverty line to 12.5 from the current level of more than half in the next five years, Sharma said. That would be done by giving employment to nearly 300,000 people and strengthening village economies, he said.

Bank of England raises interest rates

LONDON, July 11: The Bank of England, concerned by recent inflation statistics, raised interest rates Thursday by a quarter point in hopes of keeping consumer prices under control, reports AP.

The central bank raised its base lending rate, the lowest rate used on loans to commercial banks, to 6.75 per cent from 6.5 per cent.

It was the third increase in interest rates in just over two months, and the second since Britain's new Treasury chief, Gordon Brown, gave the central bank the freedom to set rates on its own after taking office in May.

Most London economists had predicted rates would have to go up again after the government reported on Tuesday that the annual inflation rate had climbed to 2.9 per cent in June, compared to 2.6 per cent in May.

The figures have created concerns that Britain will miss its inflation target of 1.5 per cent this year.

Commercial lenders had a mixed response to the rate change.

Barclays Bank and Lloyds TSB said they would raise rates by a quarter point, while two major home lenders, Halifax and the Nationwide, said they would keep mortgage rates stable for the immediate future.

Some financial traders had feared a half-point increase in rates. They pushed London stock prices lower early Thursday, but after the Bank of England had its say, the share prices showed a partial recovery.

British government bond prices jumped higher just after the announcement.

Filipino peso plunges

MANILA, July 11: Currency trading was halted Friday after the Philippine peso plunged more than 11 per cent in response to an announcement by the central bank that it will allow the peso a wider trading range, reports AP.

The central bank's decision sent stocks surging 7.6 per cent in their largest one-day gain on record, traders said.

The central bank did not specify the new range for the peso, which plummeted to as low as 29.450 pesos to a dollar from Thursday's 26.40 pesos before trading was halted.

The Malaysian ringgit, Thai baht and the Indonesian rupiah all dropped against the US dollar following the Philippine central bank's announcement.

The central bank said the new policy for the exchange rate reflects "new market conditions" following a week of heavy attacks by speculators on the peso triggered by Thailand's recent decision to allow its baht to move lower.

The central bank had been forced to sell large amounts of dollars and boost its overnight borrowing rate to a towering 32 per cent in an effort to protect the peso's value.

Analysts had questioned whether the central bank would be able to maintain its defense because of its limited international reserves and the negative impact of high interest rates on economic growth.

Central bank Governor Gabriel Singson denied that the wider trading range was a devaluation and said the bank remained committed to a market-oriented exchange rate.

"Of course, under current circumstances, this has led to a depreciation of the peso, but we expect this temporary situation to stabilise as markets are invariably self-correcting," he told a news conference.



French designer Thierry Mugler showed this overcoat in antique gold figured brocade with an asbith green duchess satin lining over a coordinated brocade bustier dress during his 1997-98 Fall/Winter high fashion collection in Paris on Thursday. — AFP/UNB photo

Coming AGMs					
Company	Book Closure	AGMEGAM	Date	Venue & Time	Dividend Proposed
Rugali Ins	19/06/97-08/07/97	AGM	08/07/97	Hotel Sonargaon, 3pm	-
Beacon Text (Deb)	15/06/97-30/06/97	AGM	(Half yearly interest)		
Beti Denim (Deb)	do do	do			
Beta Fisheries (Deb)	do do	do			
Beta Knitting (Deb)	do do	do			
BCL (Deb)	17/06/97-27/07/97	Half yearly interest			
IFC	17/07/97-06/08/97	AGM	27/07/97	Hotel Sonargaon, 3 pm	158:100
National Life Ins	01/07/97-31/07/97	AGM	12/07/97	Scholar Community Centre, 11:30 pm	-
Pragati Ins	17/07/97-06/08/97	AGM	06/08/97	Hotel Sonargaon	30
Peoples Ins	17/07/97-31/07/97	AGM	31/07/97	Hotel Sonargaon, 5:30 pm	22.50
Eastern Housing (Deb)	24/06/97-30/06/97	(Half yearly interest)			
Eastland Ins	17/07/97-31/07/97	AGM	31/07/97	Hotel Putani 3:30 pm	18
AMCL Pan	08/07/97	EGM	08/07/97	BCL Auditorium 3pm	-
Amber Pharma	14/07/97-24/07/97	AGM	24/07/97	Taiguan Reg Office 3:30pm	15
BO Zipp (Deb)	17/07/97-31/07/97	AGM			24
BGC	- - - - -	- - - - -	- - - - -	- - - - -	165

India may slash subsidy on diesel, LPG

NEW DELHI, July 11: Indian Prime Minister Inder Kumar Gujral was quoted as saying on Thursday that the subsidy on diesel and liquefied petroleum gas (LPG) would be slashed, the United News of India (UNI) reported, says Reuters.

UNI said Gujral in an interview given to state-run television also ruled out any further hike in kerosene prices.

"Prime Minister I K Gujral today said the subsidy on diesel and liquefied petroleum gas (LPG) would be reduced drastically and ruled out any further hike in price of kerosene," UNI said.

UNI did not give any further details on reduction of subsidies or increase in prices of petroleum products.

Gujral said the government was willing to take into its own account a 190 billion rupees (5.31 billion dollars) backlog of payments to state-owned oil companies.

Indian oil companies are owed around 190 billion rupees by the government for selling below market prices to support the country's massive subsidy regime.

"I am willing to take that (oil pool account deficit) as government (deficit) so that it is impossible for the consumer to bear that also," the Press Trust of India (PTI) also quoted Gujral as saying in the interview to Doordarshan.

The finance ministry officials were not immediately available for comments as to

how a move to absorb the oil pool account deficit would affect government's finances.

The oil pool account deficit has grown since the beginning of the 1997-98 financial year on April 1, when the deficit stood at 155 billion rupees.

Gujral, who heads a disparate 15-party United Front coalition, said there was unanimity in his cabinet that prices of petroleum products be increased to plug the massive deficit on the oil pool account, UNI said.

But the United Front Steering Committee, which agrees policy for the coalition government has met twice unsuccessfully to figure how to whittle down the oil pool deficit.

Most Asia-Pacific bourses close lower

is optimistic the BSE Index will reach the 4,600-point mark in the short and medium term on the expectation that foreign fund interest will not flag.

The State Bank of India fell 3.75 rupees to 350.50 rupees, reliance was down 0.50 rupees at 363 rupees, associated cements dropped 10.50 rupees to 1,531 rupees and Tata Engineering declined 10 rupees at 446 rupees.

Tata Steel was down 5.75 rupees at 216 rupees, ITC fell 3.50 rupees at 549 rupees and MTNL was down 8.25 rupees at 296.25 rupees.

TOKYO: Japanese share prices closed 0.3 per cent higher, as investors hunted for bargains among selected blue chips, brokers said.

"Although there were no real targets to buy, it seems investors found targets among high-tech and telecom stocks," a Tokyo securities broker said.

The key Nikkei Stock average of 225 select issues on the Tokyo stock exchange rose 57.61 points to end at 19,754.78 points. The Topix Index of all first section issues gained 4.59 points to 1,499.11.

HONG KONG: Hong Kong share prices rose 0.9 per cent on selective bargain hunting on property stocks as concern over the government's land policy was being discounted, dealers said. "There were buying interests on property stocks because of the firms good shape," said Howard Gorges, dealing Director of South China Brokerage.

Investors were waiting for further details on the land pol-

icy or until Chief Executive Tung Chee-Hwa's policy speech in October, he said.

The Stock Exchange of Hong Kong's Hang Seng Index rose 135.50 points to finish at 14,839.23.

SINGAPORE: Singapore's blue-chip stocks ended 0.7 per cent lower in cautious trading amid uncertainty in regional currencies and ahead of the national budget, dealers said.

"Many locked in their profits ahead of the budget tomorrow as well as jitters following speculative attacks on regional currencies," a dealer with a local stock brokerage said.

The Stock Exchange of Singapore's blue-chip benchmark, Straits Times Industrials Index, fell 14.63 points to end at 1,968.34, while the broader all-Singapore index was down 8.32 points to 485.92.

SYDNEY: Weak employment statistics renewed hopes of another interest rate cut and helped the Australian share market minimise its losses Thursday to close just 0.1 per cent lower.

The market had lost 30.4 points, or 1.1 per cent, in morning trade before the release of official jobs data showing that just 11,900 of an expected 30,000 jobs were created in May.

"That definitely turned things around today a broker said of the data," I think a cut in interest rates is still a possibility."

The Australian Stock Exchange's benchmark all ordinaries index closed 1.7 points

lower at 2,694.4. It had fallen as low as 2,665.7 during the morning session, the all resources index closed 14.5 points down at 1,430.1, while the all industrials index finished 12.1 points higher at 4,318.8.

KUALA LUMPUR: Malaysia's key stock index plunged 2.4 per cent on extended selling by foreign institutions amid concerns over the ringgit, dealers said.

"Investors' sentiment was badly hit by concerns over the ringgit and the high overnight rates following Bank Negara's constant intervention in the forex market," said a dealer with a local brokerage.

The Kuala Lumpur Stock Exchange 100-share weighted composite index tumbled 24.72 points to 1,008.52 after having reached a low of 1,002.36. The lesser second board index fell 11.14 points, or 2.1 per cent, to 530.72.

BANGKOK: Thai share prices rose 2.1 per cent in heavy trade on speculative buying in blue chips, analysts said.

Israpol Kunsorn of Wall Street finance said most of the foreign-led play was in large capital stocks and warrants.

The composite stock exchange of Thailand (set) index closed up 13.62 points at 649.33 points, while the selected set 50 index gained 1.26 points to finish at 49.19 points.

The market largely ignored news that foreign banks were cutting credit lines to local financial institutions, which were balanced by reports that the government was seeking

foreign credit lines of up to 20 billion dollars to secure liquidity.

TAIPEI: Sustained buying interest among Taiwan investors propelled the Taipei bourse to its highest level in more than seven years, brokers said.

"Financial and electrical shares rotated to push the index higher towards the end of the session," said Stanley Hsu of Core Pacific Securities Corp.

"Most investors remained positive about the market's short-term outlook."

The Taiwan Stock Exchange weighted price index increased 67.06 points or 0.7 per cent, to 9,429.74. Its highest finish since April 28, 1996.

JAKARTA: Jakarta share prices closed 1.2 per cent lower on consolidation after a spate of heavy profit-taking