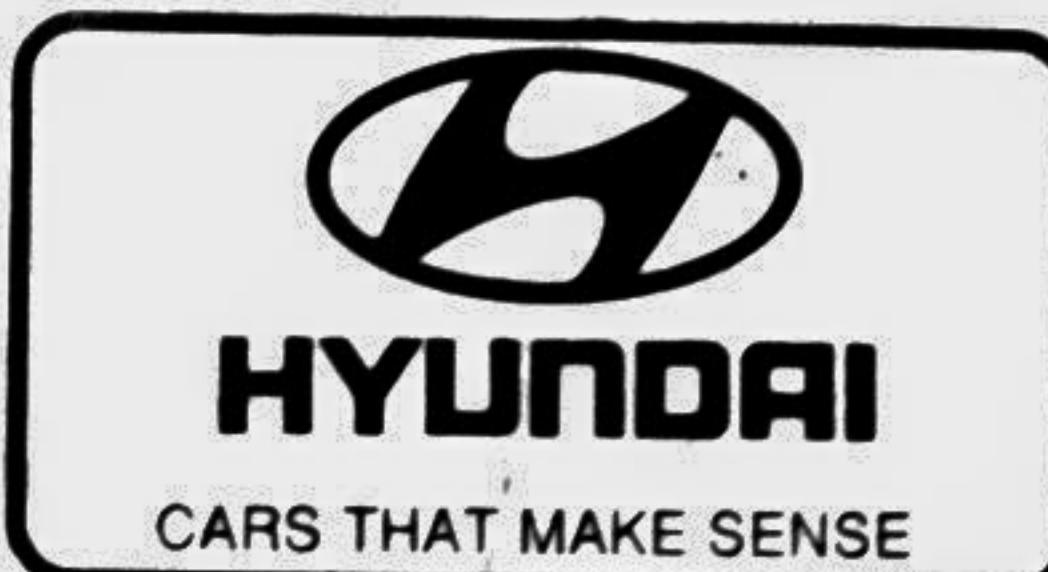




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Japan criticises US sanctions on Myanmar

TOKYO, July 11: Japanese Trade and Industry Vice Minister Tsutomu 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 officials 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 Reuter.

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, says AP.

Light sweet crude 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 thane. 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 realising 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 Holmseen 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 walkout 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.

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

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 Reuter.

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.

MANILA, July 11: Most Asia-Pacific bourses closed lower Thursday, with Philippine share prices suffering another day of losses following an interest rate hike, reports AP.

India's central bank raised overnight interest rates to 32 per cent from 30 per cent in a bid to attract foreign fund managers to return to the Philippines, dealers said.

The Philippines Stock Exchange index fell 78.05 points to 2,511.15, analysts said the initial selldown caused the index to fall to a low of 2,475.12.

BOMBAY: Share prices fell marginally Thursday on the Bombay Stock Exchange on profit-taking by traders and institutional investors.

The 30-share index fell 26.32 points to 4,378.37 points.

A dealer with a foreign brokerage said prices fell sharply at the end of trading as traders and a few institutional investors unwound positions or offloaded large stock in bluechips.

The index has not traded at 4,400-point level since October 1994. A climb beyond this level is likely to run into major resistance as traders and investors, fearing that prices will not stay up for long, will tend to book profits," he said.

He said, however, the market

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

Doordarshan.

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

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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.

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.

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.

"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 Stock Exchange of Singapore's blue-chip benchmark, Straits Times Industrial index, fell 14.63 points to end at 1,968.34, while the broader all-Singapore index was down 8.32 points to 4,485.92.

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."

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

Lasrapol Kunson 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

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

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