


SANYO
Micro Computer Controlled Automatic Washing Machine ASW-40MT
\$1,250,000



The Daily Star BUSINESS

DHAKA WEDNESDAY, JULY 16, 1997



HYUNDAI
CARS THAT MAKE SENSE

Exporters meet FM Export of crab, turtle earns Tk 100 cr yearly

A four-member delegation of Bangladesh Live Crab and Turtle Exporters' Association led by its president Imamul Kabir Shanata and general secretary Abu Taher called on Foreign Minister Abdus Samad Azad at his official residence here Monday, reports BSS.

The delegation informed the minister that Bangladesh is earning Taka 100 crore every year by exporting live crab and turtle to eight countries of the world.

Members of the delegation apprised the Foreign Minister some of their problems. Azad assured them of early solution to their problems.

New UCB branch opens in Ctg

Alhaj ABM Mohiuddin Chowdhury, Mayor, Chittagong City Corporation called upon bank officials to make dedicated efforts to provide fruitful and effective banking facilities to the people, says a press release.

He was speaking as the chief guest at the inauguration function of the 79th Branch of United Commercial Bank Ltd. at Rahamaniya Shopping Complex, Bahadderhat, Chittagong recently. M A Yussouf Khan, President and Managing Director of the bank presided over the function.

The Managing Director in his speech said that the new UCB branch at Bahadderhat has been equipped with modern facilities including computers. He categorically stated that the deposit mobilized by the branch will be invested in Bahadderhat area and, if required, fund will be arranged from the Dhaka head office also.

Salauddin Gazi, Executive Vice President offered vote of thanks and MD Jahangir Alam Khan, chairman of the bank also spoke on the occasion.

Coca-Cola takes 2nd place in Global 1000 survey

Coca-Cola is the real thing according to US magazine Business Week's Global 1000 survey, says a press release.

The Coca-Cola Company moved up two slots to take second place in this year's ranking of 2,700 companies in 21 countries.

Using data compiled by Geneva-based Morgan Stanley Capital International, the annual survey ranks companies by market capitalisation.

According to the survey, the Coca-Cola Company has a market value of 169.86 billion US dollars, second to General Electric. The other companies in the top five are the Royal Dutch/Shell Group, Nippon Telegraph & Telephone and Microsoft in that order.

Global competition has created a new breed of blue chips — and new investor demands, the survey claims. Investors want "a worldwide brand name, super efficient production, lean management and an outspoken commitment to shareholder value."

The dynamic volume growth of the Coca-Cola Company in particular is due to marketing muscle, according to Business Week. The company recently announced that it expects worldwide unit case volume to increase seven to eight per cent in the second quarter of this year. In the Middle and Far East Group, second-quarter unit case volume is projected to grow nine to ten per cent.

Dhaka, Tehran sign accord on investment protection

TEHRAN, July 15: Bangladesh and Iran yesterday signed an agreement on reciprocal promotion and protection of investment in each other's country, reports BSS.

Industries Secretary M Akhtar Ali and Iranian Deputy Finance Minister Dr Mohammad Mehdi Navab signed the agreement on behalf of their respective governments.

The agreement is expected to pave the way for investment and joint venture projects in various industrial, trade and economic sectors in Bangladesh and Iran for the mutual benefit of the two countries.

Bangladesh Ambassador to Iran Syed Muazzem Ali and members of the delegations from both the countries were present at the signing ceremony.

The industries secretary also had a separate meeting with Iranian Deputy Industries Minister Kashani Muahhed and they discussed ways and means for further strengthening of co-operation in various industrial sectors between the two countries. He also met leading Iranian importers of jute and jute goods in Tehran and discussed jute exports from Bangladesh and other trade relating matters.

Earlier M Akhtar Ali, who is currently leading a high-level Bangladesh delegation here, met the Iranian Deputy Finance Minister Dr Mohammad Mehdi Navab and other high officials of the Iranian Finance Ministry.

UN agrees to new food distribution plan by Iraq

BAGHDAD, July 15: The United Nations said yesterday it agreed with Baghdad a new distribution plan for food and medicines under an oil-for-food accord which aims to ease the hardships of the sanctions-hit Iraqi people, reports AFP.

"We have successfully concluded in Baghdad the discussion on a new national distribution plan," said Staffan De Mistura, UN coordinator for humanitarian affairs in Iraq.



Chittagong Mayor Alhaj A B M Mohiuddin Chowdhury inaugurated the Bahadderhat branch of UCB on Sunday. Bank's Chairman Md Jahangir Alam Khan, Directors Zafar Ahmed Chowdhury, M A Sabur and Hajeer M A Kalam, and President and Managing Director M A Yussouf Khan are also seen in the picture.

Crises in Asian currency markets Serious consequences for int'l monetary scene forecast

HONG KONG, July 15: The crises knocking Asian currencies mark the end of an era for the emerging countries, and economists foresee serious consequences not only for their economic structures but also for the international monetary scene, reports AFP.

Hard on the heels of the forced floating of the baht, which saw a brutal devaluation of the Thai currency, the central bank of the Philippines also had to give in to market pressure, letting out the margins of fluctuation for the peso, which had plunged nearly 12 per cent against the dollar.

Late Friday, Indonesia had followed suit, widening the band in which the rupiah can float before the central bank intervenes from eight to 12 per cent.

Analysts predict the Malaysian ringgit will be the next currency in the firing line. "It is only the beginning. What we have seen so far are the firecrackers before the big fireworks goes on," said Kenneth Courtis, chief economist and strategist for Deutsche Bank in the Asia Pacific region.

According to him, a dozen currencies from emerging countries in Asia, Eastern Europe and Latin America have already seen or are going to see their links with major currencies, generally the US dollar, blown apart.

"They are all going to go. All these countries have been slavishly following the IMF (International Monetary Fund) by tying their currencies to the dollar and all have the same characteristics — big current account deficit, domestic political issues and structural deficiencies," Courtis said.

They have all also financed their strong growth with credit banks, using inflated assets as collateral and without controlling the influx of floating foreign capital.

"What it means is that as part of the high growth, there have been too many excesses," said Neil Saker, Head of Regional Economic Research for Socgen-Crosby, although he did not feel it was the end of a pattern.

However, Michael Taylor,

Chief Economist for Indosuez WI Carr, said he believed "the whole credit cycle" as over. A cycle characterised by the appeal to a cheap US dollar to finance expansion.

"It is something you only see every 10 to 15 years," he said.

Courtis described it as "another step towards the end of the dollar regime in Asia."

In 1994-95, the Mexican peso crisis highlighted the dangers of financing public or private, by using foreign capital in the short term.

Political tensions and a badly orchestrated devaluation of the peso had hurled the country in a liquidity crisis, forcing the IMF, at the insistence of the United States, to put in place a 50 billion dollar rescue package.

Almost three years later, the Mexican economy is crawling toward recovery. Economists now expect no or very little growth in Thailand this year and the next.

"I sense that what we are seeing now in Thailand and the Philippines is the last phase of the Mexican crisis," Courtis said.

Ctg Port issue Port Users Forum submits 7-pt proposal to govt

CHITTAGONG, July 15: Port Users Forum (PUF), Chittagong Monday put forward a seven-point proposal to the government, the Shipping Ministry and Chittagong Port Authority to gear up the activities in Chittagong Port, reports UNB.

The proposals include converting the CPA as a trustee body, formation of a high-powered committee to solve all kinds of possible problems in the port, arrangement for handling of both import and export goods in the privately owned inland container depots, construction of new yards and procurement of modern port equipment.

The PUF also stressed the need for banning the trade union activities relating to use of port and exempting the port from any kinds of hartal or movement.

The proposals were made at a meeting of the PUF today with its convener Kamal Uddin Ahmed in the chair, said a press release.

DHL wins customer service awards

The Customer Service Unit of DHL Australia has been named Australia's best in a national survey conducted by Teleperformance Australia, the Australian subsidiary of Teleperformance International, says a press release.

That win has lifted DHL Worldwide into top position in an international survey of customer service. DHL was judged most customer-friendly in both Australia and Austria, was runner-up in Sweden and Norway and ran third in Belgium and France.

More than 1,800 companies in Australia, New Zealand and Europe participated in the survey, which involved specialist staff of Teleperformance making some 30,000 unannounced "telediagnostic" calls. One hundred organisations competed in Australia. Evaluation was made on a service of parameters, including time taken to answer the call, quality of listening, product knowledge, attitude and efficiency.

"Service forms a key component of induction training for all DHL employees. 'Creating Positively Outrageous Service' is the tagline we give our training programme," says Brian Roberts, Managing Director of DHL Australia.

Bridgestone Tyre dealers' confec tomorrow

Eastern Motors Ltd will organise a dealers' conference of Bridgestone Tyre and Tube at Hotel Purbani Tomorrow, says a press release.

Masaki Inu, General Manager of Mitosthoi and Co, Japan (Tyre Division) will be present at the conference as chief guest on behalf of Bridgestone Corporation, Japan.

All the dealers authorised by Eastern Motors Ltd will take part in the conference.



Masaki Inu
Bridgestone Tyre dealers' confec tomorrow

'Significant US investment in energy sector begins'

Ambassador Carl F Inderfurth, Assistant Secretary of State Designate for South Asian Affairs has said the US companies have begun to make significant investments in the burgeoning energy sector in Bangladesh, a message received here from Washington Monday said, reports BSS.

Speaking to the Senate Foreign Relations Committee on July 10 before its concurrence as the President's nominee to be US Assistant Secretary of State for South Asia Inderfurth also praised Bangladesh for signing the water sharing treaty with India.

Inderfurth also said "No region contributes more to peace-keeping with Bangladesh, Pakistan, India and Nepal currently leading the way."

He said the region's democratic course is complemented by its growing adherence to free market principles during the past several years, nearly all the countries of the region have adopted significant economic and fiscal reforms, which have raised living standards and prompted substantial increases in the exchange of goods and services particularly with the United States, he added.

He said South Asians have emigrated to the United States in increasing numbers in recent years and have established an exemplary record in professional and business endeavours and as fine new citizens of our country.

Indian Tobacco Co faces \$550m fine

NEW DELHI, July 15: Indian Tobacco Company (ITC) Ltd is facing a 550-million-dollar fine for allegedly violating the country's foreign exchange laws, reports said Monday, reports AFP.

Federal detective sources said they had charged the company with acquiring foreign exchange above prescribed limits, making illegal payments abroad and over-invoicing.

They said around 110 million dollars could be involved. The country's foreign exchange regulation act, according to the Times of India, would allow for that sum to be multiplied by five times in setting the fine if the company is found guilty.



M R Ali (2nd from left), Chairman, Shippers' Council of Bangladesh, delivering his speech at the country-level workshop on "Multimodal Transport: Liability and Insurance, Documentations, etc" held recently in the conference room of the Council, Dhaka.

OPEC output slides in June

NICOSIA, July 15: OPEC production fell to 26.35 million barrels per day (BPD) in June, a drop of 410,000 BPD from May, while the spot price per barrel of crude dropped 1.45 dollars, according to a report Monday, says AFP.

The Middle East Economic Review (MEES) said overall OPEC production dropped from 26.76 million BPD in May, which was particularly affected by a 720,000 BPD decline from Iraq, which has yet to resume exports under the second phase of an oil-for-food deal with the United Nations.

Increases in output from other countries partially compensated for the drop in June, according to MEES, which cited Iran (+140,000 BPD), the United Arab Emirates (+120,000 BPD), Qatar (+50,000 BPD) and Nigeria (+25,000 BPD).

Asia-Pacific currencies end week lower against dollar

HONG KONG, July 15: Currencies in the Asia-Pacific region ended in a general slump against the dollar with devaluation of Philippine peso driving the Thai baht lower after stabilizing most of the week, reports AFP.

JAPANESE YEN: The yen dropped in the week to touch 114.00 to the dollar Friday, reversing its bullish tone earlier on Japan's ballooning surplus. It stood at 113.85-87 to the dollar late Friday, compared with 113.11-13 a week earlier.

The Japanese unit shot up to the 112 yen level to the dollar on Monday, as dollar sell-off emerged after the finance Ministry's current account data showed a sharp rise in surplus for the first 20 days of June, dealers said.

The yen held firm for most of the week, but plunged on Friday due to mark short-covering triggered by Bundesbank President Hans Tietmeyer's remark supporting the previous day, dealers said.

THAI BAHT: The Thai baht had stabilised at around 29 to the dollar for most of the week following the central bank's surprise float of the currency on July 2, but the Philippines move to allow its currency to depreciate sent the baht lower.

A Bangkok bank forex dealer said the baht was trading at 30.30-65 late Friday, down from 29.01-20 the day before and 28.60-80 the previous week.

Thailand's currency has fallen 18.8 per cent from 25.79 to the dollar, the last rate pegged by the central bank under the old system, a fixed-band mechanism tied to a basket of currencies dominated by the US dollar.

PHILIPPINE PESO: The Philippine peso dropped to 26.40 to the dollar Friday from 26.399 pesos the previous week.

Trading in the foreign exchange market was suspended 10 minutes after it opened by the Bankers' association of the Philippines and prior to an announcement of the peso float.

AUSTRALIAN DOLLAR: The Australian dollar slumped over the week amid persistent speculation of a cut in the official interest rate, and analysts were pessimistic about the currency's prospects.

The Aussie ended at 74.44 US cents Friday, down from 75.26 US cents a week earlier.

The Australian dollar will remain under pressure in the short-term, there is an absence of factors driving the currency higher," said Colonial State Bank chief economist Hans Kunnen.

NEW ZEALAND DOLLAR: The New Zealand dollar fell sharply Friday to close the week at 67.09 US dollars against last Friday's 67.70 cents close.

SINGAPORE DOLLAR: The Singapore dollar ended the week virtually unchanged at 1.430 against the US dollar.

HONG KONG DOLLAR: The Hong Kong dollar ended the week at 7.746-7.747 to the dollar against 7.742-7.743 the previous week.

INDONESIAN RUPIAH: The Indonesian currency closed on Friday at 2,431 rupiah to the dollar or 20 rupiah stronger than at closing the previous week.

MALAYSIAN RINGGIT: The ringgit closed higher at 2.5045 against the US dollar from 2.5237 last week.

SOUTH KOREAN WON: The won weakened from 887.20 won to the greenback to 889.00 won per dollar on Saturday.

TAIWAN DOLLAR: The Taiwan currency declined to closed Friday at 27.894 Taiwan dollars against the US dollar, down 4.4 Taiwan cents from the previous week's finish of 27.85.

FILIPINO PESO: The Philippine peso moved lower against the dollar in extremely thin morning trading Tuesday as most banks held on to the US currency while trying to determine the peso's market value, traders said, reports AP.

At midday the dollar averaged 29.692 pesos on the Philippine Dealing System, compared to 28.772 pesos on Monday. Volume was only 17 million dollars, less than Monday's 30.5 million dollars and sharply below the normal daily turnover of around 150 million dollars.

Currency watchers believe it will be a few days before the peso finds its new level after being freed Friday from 18 months of effective pegging against the dollar.

The central bank yielded Friday to several weeks of intense speculative pressure and said it would allow the peso to trade in a wider range. But it did not specify how wide the range would be.

On Tuesday, the dollar traded in a narrow range between 29.40 pesos and 30 pesos.

Traders stressed that the thin volume showed most players were still uncertain of the peso's value.

Filipino govt launches diplomatic offensive to attract foreign investors

The Philippines government has launched a diplomatic offensive to assure foreign investors that it still means business despite a "Filipino first" ruling on privatisation by the Supreme Court.

The ruling has also fuelled a row between judiciary and executive, in which Vice-President Joseph Estrada has denounced "theft in robes."

Manila is engaged in a gigantic sell-off of state assets, as part of the government's bid to match the rapid economic growth of its "Asian tiger" neighbours.

One of its most attractive assets is the Manila Hotel, which promotes itself as "the Grande Dame of Asia."

It served as the Second World War headquarters of both General Douglas MacArthur, the United States Commander of Pacific Forces, and of Japanese invader Tomoyuki Yamashita.

A Malaysian group, Renong Berhad, put in a successful 25.6 million dollar bid for a 51 per cent share in the establishment. But one of the losing bidders, Emilio Yap, owner of the country's biggest-selling daily newspaper, The Manila Bulletin, challenged the decision in court.

The basis of his claim is a constitutional provision which stipulates that "in the grant of rights, privileges and concessions covering the national economy and patrimony, the State shall give preference to qualified Filipinos."

In February, after a year's deliberation, the court decided that the hotel was indeed a national patrimony and so should not be sold to foreigners.

Ramos was livid at the court's decision, which he saw as a threat to his economic liberalisation policies — and, specifically, to next year's planned 10 billion dollar sale of the National Power Corporation.

Economic policy, he pointedly told a meeting of legal experts, was not a matter for the judiciary, which had intruded into the government area of policy-making.

Noting that the Supreme Court "has given the outmoded and failed economic theory of protectionism a new lease of life in this country," he called for a constitutional change. "We need a charter that will enable us to pole-vault into the 21st century," he declared.

But Ramos has not always been such a pure economic liberal and has himself intervened in the market. In January, he nullified a Subic Freeport port-handling contract to a Hong

Abby Tan writes from Manila

'Though selling off state-owned assets is a worldwide trend, many people are uneasy when the process enables foreign companies to gain control of important sectors of their economy. The conflict has come to a head in the Philippines, reports Gemini News Service, with a ruling against the sale of a prestigious hotel.'

Kong company, Hutchinson Whampoa, after complaints by a local firm. He said the Subic authorities had not followed the bidding rules, and awarded the contract not to the "best price" offer, but to the "best package."

He had previously cancelled a 133 million dollar radar contract to a British firm, GEC-Marconi after a senator's allegation of over-pricing.

Other stumbling-blocks on the privatisation path have included a three-year delay in the confirmation of a contract for the construction of a Mass Transit Rail system in Manila in another pricing dispute, and a Taiwan investor's abandonment of a naphtha-cracker plant project for a row over its siting.

In the same week that the Manila Hotel decision was announced, an environmental petitioner persuaded a lower court to halt the seven billion dollar sale of the capital's water and sewerage systems to two international groups. Fortunately

for the government, its fears about another blow to the privatisation programme proved groundless when the ruling was rapidly reversed.

But it has its hands full with the Manila Hotel issue. Malaysian Prime Minister Dr Mahathir Mohamad has given warning that "Malaysian investors will be more careful and will not invest too much in the Philippines."

The threat hit home because Malaysian companies have been major investors in infrastructure projects in the Philippines, pouring money into road-building, power generation and tourist resorts. A factory in the north of the country is producing the Malaysian car, the Proton Saga.

Six foreign chambers of commerce also stated that foreign investors would shy away unless privatisation policies were clarified.

The Philippine Ambassador to Kuala Lumpur, Jose Brillantes, sought an urgent meeting with Mahathir, while Mani-

la's Foreign Secretary, Domingo Siazon, said the government would hold talks with 11 major investing countries to assure them of the country's continued commitment to attracting investment.

His charm offensive began in Singapore during a mid-February meeting of foreign ministers of the Association of South-East Asian Nations and the European Union.

The government estimates that 30 billion dollars investment in infrastructure will be needed in the next five to 10 years.

"Where is that money coming from?" Siazon asks rhetorically, knowing that the answer is foreign investment. "But unless you can assure investors that the level playing field is there, they will not come." — Gemini News

Abby Tan is a Singaporean journalist specialising in economic and political affairs. She has been based in Manila since 1977.

Philippines on the move

- Inflation**
7.9%
(down from 18.7% in 1991)
- Prime interest rates**
11.5% (22%)
- External debt as % of exports**
119% (365%)
- 1996 growth:**
exports 18%
GDP 5%
GNP 7.1% (Jan-June)

