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# The Daily Star BUSINESS

  
**HYUNDAI**  
CARS THAT MAKE SENSE

## Square declares 35pc dividend

Square Pharmaceuticals Ltd has declared a 35 per cent cash dividend for its shareholder for the year ended March 31 this year, says a press release.

The dividend was announced at the 31st annual general meeting of the company held at Raoua Club in the city yesterday.

The Chairman of the company, Samson H Chowdhury presided over the meeting.

It was attended by Tapan Chowdhury, Managing Director; Samuel S Chowdhury, Director; Anjan Chowdhury, Director; Legal Advisor Barrister Fida M Kamal; Executive Director Dr. A R Q Baksh and Company Secretary Md Shaiful Alam.

This is the third annual general meeting of the company after it had gone into public trading in December, 1994.

It was disclosed in the meeting that sales turnover of the company stood at Tk 182.79 crore during the year. Its gross profit and net profit were Tk 53.94 crore and Tk 30.58 crore respectively. The company contributed Tk 39.33 crore to the national exchequer.

The company has implemented inhaled project with foreign technical assistance. This import substitute project is the first of its kind in the country with latest technology.

The second state of the art pharmaceutical plant of the company is being built by a British company at a cost of Tk 105 crore. It will have the most modern facilities conforming to EU/USFDA CGMP standards with a view to entering export markets in Europe. The project is expected to be completed by early 1999.

Textile unit has already commenced its production from May 1997. The company has undertaken a plan to expand the capacity to 100,000 spindles.

## Trade team off to S'pore to discuss surcharge at Ctg Port

A six-member Bangladesh trade delegation has gone to Singapore to discuss the imposition of port congestion surcharge at Chittagong Port by Singapore based Feeder Vessels Trade Committee (FVTC), says a press release.

Recently the FVTC imposed the surcharge without prior consultation with businessmen in Bangladesh.

To cover up the losses due to overstay of their vessels at Ctg Port, FVTC imposed the surcharge.

This unilateral imposition of surcharge would seriously affect the trade and industry of the country, the release added.

During its stay, delegation, led by the Chairman of Bangladesh Ocean going Ship Owners Association Abdul Awal Minto, will meet FVTC and Singapore Port authorities.

Other members of the delegation are: Mahubul Alam and Mohammed Shahabuddin of BGMEA, M Obaidullah of Bangladesh Steamer Agents Association, Farid Hossain of Chittagong Chamber and Sanwar Hossain Director traffic of Chittagong Port.

## LP gas crisis in Kurigram

KURIGRAM, Aug 13: Scarcity of liquid petroleum gas has been prevailing throughout the district for last two weeks causing suffering to the consumers, says UNB.

Official sources said supply of gas cylinders, which was quite inadequate to meet the demand, remained suspended for the last fortnight.

Consumers alleged that only 70 to 100 cylinders were being supplied in the district against the requirement of 1000 cylinders.

Considering the situation, district administration took control of supply of the gas cylinder introducing slip system. But the initiative went in vain due to absence of real list of consumers.

The subscribers urged the authorities concerned to ensure the supply of gas cylinders and formulate list of real subscribers to mitigate their suffering.

## BB auction held

The 56th auction of the 90-Day Treasury Bill, the 47th auction of the 30-Day and 180-Day Treasury Bills and the 21st auction of the 1-Year Treasury Bill were held yesterday, says a press release.

73 bids for a total of Tk. 777.50 crore, seven bids for a total of Tk. 26.00 crore, four bids for a total of Tk. 11.00 crore, and two bids for a total of Tk. 1.00 crore were offered respectively against the 30-Day, 90-Day, 180-Day and 1-Year Bills.

Of these, 42 bids for a total of Tk 441.30 crores of 30-Day Bill and all the bids of 90-Day Bill were accepted.

No bid was accepted against the 180-Day and 1-Year Bills.

The weighted average prices of the accepted bids against the 30-Day and 90-Day Bills were Tk 99.30 and Tk 97.90 respectively.

## Bhutan, Nepal, India want to make use of port facilities

# Massive plan to modernise Mongla

By Govinda Shil back from Khulna

The government has drawn up a massive Tk 500-crore plan to modernise the Mongla Port to prepare it for the fast-rising demand in regional and international maritime trading.

Port officials said that Bhutan, Nepal and India were mounting diplomatic pressure on Bangladesh to allow them to use the port, one of the reasons that prompted the authorities to plan the uplift.

The Rupsa Bridge and opening of the Dhaka-Maara road will make Mongla Port all the more important, the officials say.

Set up in 1950, the port handled a total of 18.75 metric

tonnes of goods (import 15.52 mt and export 3.23 mt) in 1996-97. Some 260 ships arrived at the port to load mainly frozen foods and raw jutes bound for Europe and other destinations.

Mongla will be the principal commercial navigation point for Rajshahi, Khulna, Barisal and Dhaka divisions after the completion of the bridge and the road. These divisions cover more than two thirds of the country's land area.

Under the plan are several key projects which include dredging of the Pussur channel which has been silted for long, replacement of cargo handling equipment, construction of

light tower and installation of RACON signalling device at the Fairway buoy.

Officials estimate a cost of Tk 501 crore for the projects to be completed by 2006.

Meanwhile, the port's revenue suffered heavily last year, only Tk 11.69 crore in 1996-97 against Tk 18.49 the previous year.

Sharif Atiqur Rahman, Chairman of the Port Authority, said that he needed a 'dredger' that costs Tk 100-120 crore for the port with which the silt could be replaced on a regular basis.

Due to huge siltation in the Pussur river bed, berthing for

vessels with more than seven-meter draft is difficult. The officials say the river is urgently needed a dredging, from its 'port area' to the 'Hiron point route'.

A Shipping Ministry official said the government recently ordered a Tk 40-crore dredging project, responding to the urgency.

The dredging work will begin sometime next May or June, which will remove six lakh cubic meter of silts a year through 2001.

The Chairman said agreements were already signed with entrepreneurs of Singapore and Malaysia who would set up

joint-venture cement, palm oil and bitumin plants in the port area. This will increase the use of the port, he said.

Setting up of the proposed Khulna Export Processing Zone, a food silo and a Bangladesh Petroleum Corporation refinery will also increase the port's usefulness.

A leading port user said the government needed to get its act together to maximise the use of the port.

"Since most of the country's imports is handled by the Chittagong Port, and the draft of Karnafully channel is higher than the Pussur channel, no company takes interest in

berthing at Mongla Port," he said.

He said regular dredging of the Pussur channel was key to keeping the port navigable throughout the year.

A mechanical engineer at Mongla Port said ships come at Mongla because its bed is soft which naturally does not harm the bottom during the low tide when a ship really gets stuck in the mud.

Port officials want some other projects like construction of five jetties, two outer jetties, installation of modern cargo handling equipment, water burge and setting up of an inland container depot (ICD).

## SEC chiefs meet DSE councillors today

### Star Business Report

Top officials of the capital market watchdog Securities and Exchange Commission (SEC) will sit with councillors of Dhaka Stock Exchange (DSE) today to discuss an unspecified agenda.

This will be the first formal meeting between them after the new SEC chairman M A Syeed took over last month following the resignation of his predecessor Dr Harunur Rashid amid controversies.

DSE chairman Abdul Haq Howlader said though there was no specific agenda for the meeting but issues relating to the development of the country's capital market would come for discussion. He declined to elaborate.

According to DSE sources, the current situation in the country's capital market and progress in computerisation process in the DSE trading system will get priority in meeting.

Chairman Sayeed, his two members and advisor Sekandar Ali will represent the SEC.

## Copper and commerce don't click

By Cameron Kennedy

Government and business recognise technology's benefits, but companies can only dream of their own cyberspace shopping malls when their hands are tied by copper wire.

At a seminar Monday, Finance Minister SAMS Kibria called on banks and businesses to jump on the hi-tech bandwagon — with fax, e-mail, and the Internet — as soon as possible to stay competitive on the global stage.

"The whole world is our market," said Kibria. "We must be ready for the 21st century."

Bangladeshi companies must increase the speed of the economy, he said, and improve communications so deals which took three weeks by regular mail, would happen almost

instantly via e-mail.

Mahbubur Rahman, president of the International Chamber of Commerce, Bangladesh, agreed. He said electronic commerce will transform business, especially as the Internet grows at about 10 per cent a month. The government should pass legislation to ensure these electronic transactions are secure to encourage companies to do business in cyberspace, he said.

Singapore has already introduced a new authority — Net Trust — to ensure hackers can't tamper with Internet business transactions. The authority issues "digital fingerprints" so that companies know the people they are dealing with are legitimate.

But while the Internet is revolutionizing how companies think about business transactions, Bangladesh's communications network is a barrier. Once on-line, data moves at a snail's pace as thousands of kilometers of copper wire strain to handle the load.

The average data transmission rate through copper wire averages 9.4 kilobytes per second and peaks at 10 kbs. Fibre optic lines, almost standard in the West but not available in Bangladesh, transmit data at between one and ten gigabytes per second. And the next generations is already here — ISDN lines transmit data even faster, but their high cost — roughly US\$ 1,000 a month in the US excluding installation — puts

them out of reach of all but the most serious surfers.

"Our people are only suffering because of transmission," says an official from an Internet provider, who requested anonymity.

He says people are becoming more interested in the Internet and its advantages everyday, but with only 40 telephone lines there isn't enough room to handle all the clients. He says the company has requested 100 more lines from the Telephone and Telegraph Board, but hasn't received a response, yet.

And fibre optics? "If the government thinks the Internet is a viable thing for our country and the economy, then they will go for it," he says.

## Weekly tea sale at Ctg Polish buyers play active role

CHITTAGONG, Aug 13: Polish buyers lent active support once again in the weekly tea sale held here Tuesday, market sources said, reports BSS.

There was some interest from the Russian buyers while Pakistan and Afghanistan were more active this week, internal buyers including blenders have shown more interest.

Brokens and fannings were also often dearer, the sources said adding that dusts were also a strong market.

Large and bold brokens were a good market and generally sold at around last levels following good competition as the sale progressed. All other brokens

were generally a dearer market advancing up to one taka and sometimes more particularly for the good liquoring types.

Primary fannings were a good market, prices initially were slightly easier but with the progress of sale demand strengthened and these were fully firm to slightly dearer especially the good liquoring types.

One hundred chests of green team were on offer met with a strong demand and mostly sold above valuations fine young hyson sold at Tk 112 young hyson at Tk 113 and hyson between Tk 110 and Tk 111.

## Daewoo to build carrier ships for Swedish co

SEOUL, Aug 13: South Korea's Daewoo Heavy Industries Co said Wednesday it won a 120 million dollars contract to build two cargo ships for Sweden's Wallenius Rederierna AB, reports AP.

The ships, capable of carrying up to 6,000 autos, will be delivered in 1999, it said.

Daewoo Heavy Industries is a subsidiary of the Daewoo conglomerate, which also makes cars and other products.

## Trade, investment to top C'wealth summit agenda

SINGAPORE, Aug 13: Commonwealth leaders will focus on promoting trade and investment within the grouping former British colonies when they meet in October, Commonwealth Secretary General Chief Anyaoku said yesterday, reports AFP.

But Anyaoku denied the 53-nation grouping was searching for a new role, saying the emphasis on trade-related issues was part of its role in "sustaining development."

"I believe the forthcoming meeting will be an attempt to reinforce the commonwealth's role in that area — to focus especially on how the commonwealth's facilities can be used in that area," he said.

"It is not searching for a role, if anything it is seeking to reinforce one of its roles," he told a news conference.

He stressed that political issues such as democracy, good governance, human rights and rule of law would be included in the summit and said the commonwealth wealth would promote both economic development and "fundamental political values."

A ministerial group mandated to look at the situation in countries which violate such values will submit its recommendations to the summit.

One of the countries is Nigeria, which was suspended from the Commonwealth in 1995 following the execution of the human rights activist and writer Ken Saro-Wiwa and eight supporters, on what were seen internationally as trumped up murder charges.

Anyaoku said the ministerial group will finalise its recommendations next month. He said the team had an extensive dialogue with Nigerian authorities and been monitoring its progress on the "democratisation front."

Anyaoku is in Singapore on the first leg of a nine-day visit that will also take him to Brunei and Malaysia as part of preparations for the Commonwealth summit from October 24

to 27 in Edinburgh.

The Commonwealth Secretary-General said there was a "rising tide of opinion in support not only in the UK but throughout the commonwealth" supporting a bigger role for the grouping in world affairs.

During his visit, he met with Prime Minister Goh Chok Tong, Foreign Minister Shanmugam Jayakumar and Trade and Industry Minister Lee Yock Suan.

Anyaoku said Goh had suggested at the last summit that the next commonwealth heads of government meeting should focus on economic issues.

He said the summit would be preceded by a business meeting in London that will bring together 300 representatives of private and public sectors who will be addressed by seven heads of government.

The business forum will explore ways in which Commonwealth contacts and facilities can be better used to boost trade and investment within the grouping and elsewhere.

by V Nathan writes from Mumbai

Downsizing is becoming a catchword in Indian industry. In July, Siemens India, the Indian subsidiary of the German electrical and electronics multinational Siemens AG, announced that it would terminate the services of at least 1,400 members of its staff by offering them the VRS.

"We plan to cut at least 20 per cent jobs out of the 7,100-strong workforce. The offer is open to staff members who have put in at least ten years of service and have reached the age of 40 years," said Mr Anil Nadkarni, the company's director of personnel.

Management and trade union sources reveal that one of the key reasons for downsizing is the decision to source components from abroad, as the steep cut in import duties has made it cheaper to buy parts from China or South Korea.

The company's unsuccessful foray into the telecom sector has also contributed to the job situation, union sources said. The decision to set up new units in far flung areas — away from raw material sources and ready markets — has also contributed to downsizing.

Siemens is offering compensation ranging from 30 to 70 per cent of the employee's last drawn salary, depending on the years of service left, multiplied by the number of months left till retirement. However, there is a cap of Rs 580,000 per employee.

Another multinational pharmaceutical giant, Boots India, last year offered a flat compensation (about Rs one million per employee) under the VRS. The company sold its facilities in the upmarket Sion area and shifted its operations out of Mumbai city. The company blamed higher municipal taxes for its decision to shift out.

Another company which offered the VRS and shifted operations is Hindustan Ciba-Geigy, the Indian subsidiary of

## Downsizing: The catchword in Indian industry

Swiss pharma major Ciba-Geigy. The company shifted its entire operations to Goa.

According to industry sources, the VRS scheme is now spreading from cities to towns. Recently, two well-known companies, Textool and Lakshmi Machine Works (LMW) in Coimbatore, Tamil Nadu, came out with voluntary retirement schemes. While Textool offered the VRS only for its managerial staff, LMW wanted to cut down the number of workers, who have become redundant following automation.

"The general trend is that company managements, in the grab of restructuring operations, simply sack workers, who are in no way involved either in decision-making or marketing strategy" a union leader said.

Pharmaceutical multinationals are more aggressive in "manpower auditing", a soft term coined to describe voluntary retirement. At Boehringer Mannheim, headed by takeover tycoon Ajay Piramal, over 100 workers accepted the VRS. The company, which is all set to merge with Nicholas Piramal, explained that there would be excess staff following the merger and hence it has to resort to "rationalisation of manpower". Boehringer's offer was quite attractive. The company offered its employees 75 months' salary or Rs 550,000.

Last month, as many as 82 employees of Hoechst Marion Roussel accepted the VRS. Each employee was offered Rs 500,000. The company also offered grade-wise pension benefits. The largest multinational pharmaceutical company in the country, Glaxo India, has also offered the VRS to 300 employees.

Asked why the VRS incidence is high in the pharma sector, a top official of Glaxo said the change in import duty structure was playing havoc with the manufacture of bulk drugs. "The import duty for

bulk drugs has come down to 32 per cent from 40 per cent and this has made imports cheaper. For a cheaper price you get high quality bulk drugs from which formulations are made. This has led to large excess capacities and has resulted in VRS."

Companies are adopting different methods to deal with excess labour. These include the VRS, reallocation of work, relocation of factories and plain retrenchment. Worried about their jobs, middle and top-level executives are forced to hunt for jobs even while they are comfortably employed. This has created social and family tension at home. "While ordinary workers manage to cope better by taking up sundry jobs, high-flying executives find it difficult to adjust to ground realities," an employment consultant said.

Trade unions have largely failed in preventing the VRS. The case of Philips India is a striking example. When the Dutch multinational offered the VRS some time back, the company's largest and recognised union opposed it tooth and nail. But later, a firebrand union leader meekly accepted the VRS, terming it the best possible offer from the company. This prompted several other employees to accept the VRS, making the company's task easier.

According to the Mumbai Labour Commissioner's office, a host of other companies have expressed their intention to introduce the VRS. "Since the offer is voluntary, there is no question of our office interfering in this matter," an officer said.

Slain labour leader Dr Datta Samant had opposed the VRS and used to warn workers not to fall into this "one time payment" trap. According to him, most workers spend the VRS money within months and end up in the streets.

India Abroad News Service

## KL may review new projects to help trade deficit, currency

KUALA LUMPUR, Aug 13: Malaysian Deputy Prime Minister Anwar Ibrahim said yesterday the government may review implementation of new and non-critical projects amid a worrying trade deficit and currency woes, reports AFP.

"There will be an impact if nothing is done," Anwar, who is also the finance minister, told reporters.

Projects such as the Kuala Lumpur International Airport and Ports were among those critical to the country, he said, but the government felt "there are maybe some projects which we think we can defer."

The government would review projects that have not yet

started and those that were not considered critical or strategic to Malaysia, Bernama news agency reported Anwar as saying.

Anwar said the government may defer imports of lumpy items to cushion the impact of a weaker ringgit on the trade balance.

The government was aware of the importance of reducing imports and taking measures to substitute them with domestic goods in order to overcome the current account deficit, he said.

Economists said the government was seeking to rein in the economy amid concerns about the slow pace of recovery in exports while imports, especially of building machinery, had risen rapidly.

"The government's latest stance would, to a certain extent, help address the trade deficit," said Victor Wan, economist at South Johor Securities Sdn. Bhd.

"The most obvious project that could be delayed may be the Bakun Dam," he said.

But a senior economist with a local brokerage said the Bakun Dam project would not be affected by the government's move to defer implementation of certain projects.

"I suspect Putrajaya (the government's new administrative centre) may be delayed."

Germany will provide DM 80 million (about Tk 208 crore) to Bangladesh for financing various infrastructural and social development programmes, reports UNB.

The projects are: Comilla-Chittagong 230 KV Transmission Line, Non-formal Primary Education (phase-II), 5th Population and Health programme, Signal System for Bangladesh Railway, Construction of Hatubhanga bridge in Tangail, and Study and Expert Fund-IV.

ERD Secretary Dr AKM Masihur Rahman and German Ambassador in Dhaka Bruno Weber signed the Financial Cooperation Agreement 1996 on behalf of their respective governments.

## UAE seeks \$1.65b in foreign fund for storage zone

ABU DHABI, Aug 13: The United Arab Emirates (UAE) plans to invite foreign investors to pump 1.65 billion dollars into a project to set up the Middle East's first duty-free storage zone, official sources said yesterday, reports AFP.

The funds account for half the total investment in the zone on Saadiyat Island of Abu Dhabi, the main oil producer in the UAE.

Subscription for the project will begin within a few weeks and half the funds will come from abroad, a source from the zone authority told the news agency.

Zone officials said this week they have selected Japan's Nomura International, a London-based investment bank to supervise the subscription outside the UAE.

The UAE approved the project last year, aiming to make it

one of the busiest commodity markets in the world given the location mid-way between key markets in the west and South-east Asia.

The zone will have a storage capacity for 67 basic commodities including oil, grain, diamonds, gold and other precious metals, copper and foodstuffs.

The project which will take three years to complete is to include warehouses, an airport, a harbour and specialised trading floors.

A six-kilometre (four miles) causeway will be built to link Saadiyat Island, which has an area of around 35 square kilometres (14 square miles), to the mainland.

The zone's board is chaired by Sheikh Hazza, a son of President Zay Bin Sultan Al-Nahayan.

The UAE already has the

biggest duty-free trade zone in the Gulf region.

The Jebel Ali Zone near Dubai comprises mainly manufacturing and marketing facilities.



Advocate M Jahurul Islam MP, Chairman of Bogra Poura Shava, inaugurated the 26th Sales and Service Centre of the Rangis Electronics Ltd in Bogra recently. Elite of Bogra town were also present.

## Tk 208 cr German grant for Bangladesh

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The UAE already has the



M A Muhith, former-finance minister, addressing the IFIC Bank managers and head office executives at Bank's academy on Monday. Abbas Uddin Ahmed, managing Director, presided over the meeting.