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The Daily Star

BUSINESS


HYUNDAI
 CARS THAT MAKE SENSE

Plea for help to grow tea estates in Chittagong

CHITTAGONG, Aug 19: The Chairman of the Chittagong Chapter of Tea Association Bangladesh has appealed to the government to properly patronise the tea estates in Chittagong to help develop their infrastructures in line with the government decision to identify tea as an export-oriented industry in the country, reports BSS.

Nasiruddin Bahadur made this appeal while briefing a group of journalists on the overall condition of some 22 tea estates in Chittagong at Udalga Tea Estate under Hathajari thana recently.

He said 22 Tea Estates in Chittagong region have "suffered serious set back for decades due to lack of proper patronisation of the government" through the headquarters of the Tea Board is located in Chittagong and weekly tea auctions for internal and export markets take place here.

Bahadur thanked the government for identifying this sector as an export-oriented industry of the country and expressed the hope that according to rule the government will provide incentives to these sector to increase its export volume as well as to encourage the growers and exporters in production and export of tea.

In reply to a question, he said only four millions kgs of tea is produced per year in the Tea Estates in Chittagong "but if gas supply in the Tea Estates is ensured the production will be at least one crore kgs of tea per year," he observed.

Tofael seeks advice for rapid industrialisation

Commerce and Industries Minister Tofael Ahmed has sought advice from business leaders and top-ranking managers of the government sector regarding possible measures for rapid industrial development, reports UNB.

"The government is ready to incorporate all concrete and positive suggestions to the policies of industrialisation including the industrial policy," he said addressing a meeting of the Industrial Development Council here on Monday.

Most of the members of the 50-member council, including Chairman of Privatisation Board Kazi Zafarullah, Sabar Hossain Chowdhury MP, Engineer Mosharrar Hossain MP, ASM Firoz MP, President of Chittagong Chamber of Commerce and Industry Zaful Islam Chowdhury MP, NBR Chairman, Executive Chairman of BOI, secretaries concerned, Presidents of FBCCI, DCCI, ICC Bangladesh, FCCI, BCCI and divisional chambers, and leaders of various sectors including BJMA president AM Zahuruddin Khan were present.

Tofael said the government will not take any unilateral decision in the industrial development sector. "We are going to formulate a prudent industrial policy where all the macro-level queries and lacunas would be addressed."

The minister said the government is committed to present a long-term industrial policy which could be updated regularly as per the advice of the business community.

After finalising the policy, the government will place it before the parliament and a legal framework will be given on the basis of consensus.

Iraq resumes oil exports

BAGHDAD, Aug 19: Iraq resumed oil exports from its Gulf port of Mina Al-Bakr on Monday, five days after it began pumping crude through a Turkish pipeline to the Mediterranean, an oil official announced, says AFP.

A supertanker started loading 2.5 million barrels of oil from Mina Al-Bakr, the official Iraqi news agency said, adding that a second tanker with the same capacity is due in the terminal today.

Earlier, the Director of the State Oil Marketing Organisation (SOMO), Saddam Zaban Hassan, said the first shipment from Mina Al-Bakr was for the US company Bayoil.

The same firm was the first client of sanctions-hit Iraq as it returned to the world oil market last Wednesday after a break of more than two months, under the UN oil-for-food accord.

Since Baghdad started pumping from Ceyhan terminal on Turkey's Mediterranean coast, via a pipeline from Kirkuk in northern Iraq, the operation has been "running normally and as programmed," Hassan said.

Five million barrels have been loaded from Ceyhan. Iraqi officials have said their aim is the export 30 million barrels by the end of the month.

Bahadur is allowed to export two billion dollars worth of oil every six months — in two 90-day periods — to finance imports of food and medical supplies under the oil-for-food accord launched in December.

Tearful growers of 'golden fibre' tell their story

Why should we cultivate jute again?

By Rafiq Hasan back from Tangail

Jute farmers around Tangail are fighting for survival as the golden fibre's price plummets below Tk 200 per maund, far less than their production costs.

"Why should we cultivate jute again?" says Kalu Mian, who nearly bursting into tears. "We would have to sell our ancestral homes this year to pay the labourers."

Mian, a 60-year-old farmer from Korotia village in Tangail district, spent about Tk 14,000 to grow jute this year, but will only get about Tk 2,500 for 25 maund of fibre. "Sona (boy), we are not surviving," he says.

Badsha Mian of Birpushia village agrees. "We can't even buy a lungi if we sell one maund of jute. How can we survive in this situation?" he asked.

Badsha, a village leader, says though the farmers have been trying to sell, but demand is low and even traditional traders aren't interested in jute. Many farmers are also switching to jute sticks, he says, because the cutting and washing costs are higher than the processed fibre is worth.

At Bhatkura village, about 5 kilometres east from Tangail town, a young Maznu Mian sits on a large pile of jute fibres strewn on the road. He is suspicious of government officials, and angry with their handling of the crisis.

"You increased the price of fertiliser up to Tk 300 per bag," he accuses the Daily Star correspondent, taking him for a government official. "Then you lowered the price of jute to Tk

150 per maund and only now you come to see the situation?"

Showing a cluster of fibres in hand, Maznu says the traders wouldn't buy his jute for more than Tk 150. Last year the same quality fibre fetched more than Tk 400. "We've all been ruined," he says.

Mirza Shamsuddin and Fazlul Karim nod in agreement. "Last year the traders went door to door to buy jute," Karim says. "But this year we never see them." More or less every farmer of the village cultivates jute and everyone will lose money, he adds.

Badal Mian, a jute trader of Korotia bazaar, says he bought jute at the last weekly bazaar for between Tk 150 and 230.

"There are some high quality jute fibres that cost more than

Tk 200," he says. "But those fibres account for less than five per cent of the jute on the market," Badal Mian says. "Otherwise, the price average quality jute is less than Tk 200."

But Rezaul Karim, senior vice chairman of Bangladesh Jute Association, says jute prices didn't drop below Tk 200 anywhere in the country. The August 14 BJA market indicator suggests the average price per maund for white jute is Tk 445, Tk 480 for Tossa and Tk 365 for Meshta.

According to Karim, the average price of raw jute is between Tk 250 to 300 at Narayanaganj and Daulatpur, two main jute markets in the country.

Prices are increasing by Tk 20 to 30 per maund a week be-

cause the government told Bangladesh Jute Mills Corporation (BJMC) to buy raw jute immediately, he says.

The government estimates farmers cultivated jute on 12.93 lakh acres of land this year, with a production target of about 60 lakh bales, though a BJA official says floods and drought will cut production to less than 55 lakh bales.

The government says it hopes to export about 22 lakh bales of raw jute during the current fiscal. The BJMC will buy 18 lakh bales, members of Bangladesh Jute Mills Association and Bangladesh Jute Spinners' Associations will buy 15 lakh bales of jute this year, while industries will use three or four lakh bales domestically.

It's no better in northern Bangladesh

The jute growers in nearby areas of Chaitanbeel in northern region of the country are being forced to sell their produce at a very low price for want of buyers, reports UNB.

The growers said the price of jute in the local market is so low that they can not buy a pair of bullocks with the price of 50 maunds of jute.

The supply of jute in the market is much more than the demands of the buyers. So, the sellers are being compelled to sell their products at throw away prices.

Kibria assures steps to boost share bazaar

Star Business Report

The government has told the members of Dhaka Stock Exchange (DSE) that it will take necessary steps to improve the present situation in the country's capital market.

The assurance came from the Finance Minister SAMS Kibria at an hour-long meeting with DSE councillors yesterday held at the finance ministry.

The meeting, in the wake of the DSE index hitting a new low in 17 months Monday, reviewed the overall market situation. Banking division secretary Syed Amirul Muik and Securities and Exchange Commission Chairman Abu Syed were also present.

After the meeting DSE chairman Abdul Haq Howlader told a group of journalists at the DSE board room that they informed the finance minister that a lack of interest from the institutional investors in the stock market was one of the main reasons for the prolonged bearish trend in the share market.

He said the finance minister assured the DSE councillors that the government would take necessary steps for an increased involvement by institutional investors in the market.

The minister also told them that the process of making the merchant banks operational would be accelerated so that their participation could infuse new blood into the market. It should generate bring enthusiasm among investors and share traders, the minister was quoted to have told the DSE councillors.

The lone institutional player in the market so far was the Investment Corporation of Bangladesh (ICB), while the Bangladesh Shilpa, Rin Sangatha (BSRS) and the Bangladesh Shilpa Bank (BSB) and Sadharan Bima Corporation will soon start similar operation.

The BSRS has just received the DSE approval, while the BSB completed the formalities yesterday depositing Tk 10 lakh

as security, Howlader said. If these institution start buying shares the market would go up immediately, he hoped.

The government was also urged to introduce a uniform trading system in the country's two stock exchanges, Howlader said. The finance minister asked the SEC to look into the matter, and accordingly the DSE and the SEC would sit today to discuss the issue.

DSE chairman pointed out at the meeting that the netting system in Chittagong Stock Exchange did not follow the Securities and Exchange Commission Act 1969. Due to netting and T-plus five trading system, the CSE brokers can operate with less money than those of DSE.

Strict rules at DSE require money and scripts at hand which has not been the case with the country's second bourse, Howlader said. "There should not be two systems in one country," he added.

Asian stocks tumble after Dow's record slide

SINGAPORE, Aug 19: Asian stock prices tumbled Monday as Wall Street's second biggest point decline on record sent a chill through markets already unnerved by currency turmoil and economic worries, reports AFP.

But most bourses recovered from their day's lows on late bargain hunting, signalling the fallout had largely been contained. The Hong Kong market enjoyed a holiday and escaped the sell-off.

Stock markets in Japan, the Philippines, Malaysia, Singapore, Thailand, Indonesia, Australia and New Zealand ended lower on a combination of local factors and jitters over the direction of Wall Street.

Regional sentiment was darkened by a fall of 247.37 points, or 3.1 per cent, to a seven-week low of 7,694.66 by the Dow Jones Industrial Average Friday, the largest decline in points since the October 1987 crash, dealers and analysts said.

"Wall Street has just provided another reason (for worry)," said Timothy Wong, research director at Vickers Balas in Singapore. "I think it has extended the weakness we have seen for the last few weeks on the back of weaker currencies."

Wong said "a lot will depend on what the Dow does today." "If it should come off another 200-300 points, the impact will reverberate throughout the week. If it stabilises, it should

provide some support," Wong added.

Regional bourses had been bracing for big falls after the Wall Street slide, blamed on asset reallocation, a sharp fall in the dollar, option expirations and profit-taking in response to earnings warnings.

The headline news on the Dow compounded the currency problems in this region. Investors have a reason to worry about future losses, said Liew Yin Sze, economist at Jim Sassoon in Singapore.

With the currencies falling like this, everyday they hold on to their positions they will lose money on the depreciation in regional currencies," Liew said.

Liew said he believed Wall Street was in no immediate danger of heading into a deep correction, noting Friday's loss was huge on point terms but relatively small in percentage terms.

"If you look at the US bond market, it has not fallen as much as the equities side. I don't think there are any deep long term problem in the US economy. But in this region, it is too early to say things will stabilise."

Regional stock market sentiment has been damaged by the exchange-rate turmoil set off by the Thai baht's de facto devaluation on July 2 which led South-East Asian currencies to fall sharply on Friday as well as uncertainties on Wall Street.

from a fixed trading ban against the US dollar, sending the currency plunging to an record low.

The Jakarta Stock Exchange led Monday's declines, with share prices plunging 5.7 per cent in morning trade as confidence in the market collapsed amid speculative attacks on the currency.

But the Jakarta Stock Exchange composite index recouped part of the losses to close 3.2 per cent lower after suspected government directed intervention.

Japanese share prices fell 1.5 per cent as bargain-hunting helped the Nikkei Stock Average recover from early losses.

Australian share prices closed 1.8 per cent lower, off their lows.

Malaysia's key stock index ended 3.3 per cent down at a 30-month low amid fears of further falls on Wall Street and lingering worries over the ringgit and the economy.

An investment analyst with a foreign research house in Kuala Lumpur said investors were cautious in an already ailing market as Wall Street was "looking dangerously close to bursting."

Singapore blue-chip share prices fell 1.8 per cent, with late bargain hunting capping the bid blamed on a technical reaction to a sharp rise on Friday as well as uncertainties on Wall Street.



Foreign currency traders keep up business under an indicator flashing 118.29 yen per US dollar during the late morning trading session at the Tokyo foreign exchange market yesterday. The US dollar rebounded to the 118 yen level in Tokyo following an overnight rally on Wall Street. — AFP/UNB photo

Indians live with corruption

By Donna Bryson, AP writer

NEW DELHI, Aug 19: When the cocktail chitchat turned to education, a New Delhi home-maker quizzed a teacher about getting her 6-year-old into his well-regarded private school.

"Do they accept donations?" she asked carefully. Then, noticing his confusion, added: "You know — bribes."

Just a day before, her prime minister had devoted his state of the nation address to an appeal to his countrymen to forgo paying bribes even if it meant hardship. But who will heed Prime Minister I K Gujral if it means losing a chance to send a daughter to a good school? Or waiting months for a phone? Or not getting the lights turned on at all?

Corruption has become a way of life in the world's largest democracy.

"Go to the electricity office, the telephone office, the water office — at each and every office, it's very difficult to get things done until and unless you pay a bribe," said New Delhi physician SS Kanodia, shaking his head at a decline in values he blames on greed.

"Everybody's after money, so the morals have gone down," he said. "Nobody thinks of what he or she can do for the country."

Manish Sharma, a 23-year-old government clerk, says he paid a bribe to get his job. He wouldn't say how much, and asked that his department not be named, but was otherwise surprisingly direct. Others avoid the word bribe, preferring a thesaurus of euphemisms —

from "donations" of 10,000 rupees (285 dollars) to get school authorities to squeeze in one more student, to "holiday gifts" of a few hundred rupees to municipal workers to ensure uninterrupted power supply.

"If you don't give the money, it will take time to get things done, but they will get done. It's just that nobody in India wants to take the time," Sharma said. "People think it was politicians who started corruption, but I think it started with the people. They give money to the government official and say the official is corrupt. They never say they are corrupt."

Gujral reversed the usual

IMF team to go to North Korea

WASHINGTON, Aug 19: The International Monetary Fund holds its first talks in North Korea this month, although sources said on Monday that the Stalinist state had not launched a formal bid for IMF membership, reports Reuter.

The sources said a fact finding mission was expected to spend up to two weeks in Pyongyang at the invitation of the authorities there, they would talk to officials and brief them on IMF requirements if they wanted to apply to join.

"There has been no application for membership, but there has been interest in exploring the issue," one source said.

discourse in his speech last Friday marking 50 years of independence from Britain. Here was a politician telling ordinary Indians to shape up. He followed that the next day in a speech to business people, telling them they, too, were part of the problem.

The Asian Age newspaper bled in a weekend editorial that Gujral was trying to "abdicate responsibility."

Lectures from politicians are hard to accept after so many, including a previous prime minister, have been accused of using their powerful public positions for private gain. Though Gujral himself is seen as clean, he also is seen as weak for doing little last month when the head of his political party was charged with stealing millions from the state treasury.

In July, India was ranked the eighth most corrupt nation in the world by Berlin-based Transparency International, which polled business people, political analysts and the general public about where bribes, kickbacks and nepotism were most prevalent.

Transparency International said corruption discouraged foreign investment in poor countries like India.

Without foreign-fueled development, India may never overcome what many see as the root causes of corruption: poverty, and an infrastructure so weak that basic services like telephones and schools become scarce resources available only to the highest bidders.



Dhaka Bank Limited has signed a term loan agreement with Industrial Development Leasing Company of Bangladesh Limited (IDLC) for extending a term loan of Tk 100 million. The accord was signed by Ashfaq Uddin Chowdhury, Managing Director of Dhaka Bank Limited and M Aminul Islam, Managing Director of IDLC on behalf of their respective organizations at a simple ceremony, held at IDLC's Head Office in the city yesterday.

Weak-ringgit hits Telekom Malaysia

KUALA LUMPUR, Aug 19: The earnings of Telekom Malaysia Bhd will be affected by the depreciation of the ringgit against the US dollar because the company has a high foreign loan exposure, reports said yesterday, reports AFP.

Telekom's head of corporate treasury Ghazali Harun said at the 2.80 ringgit level to the dollar, the company was incurring a foreign exchange loss of 60 million ringgit (22.22 million dollars).

Gazali was quoted as saying that "we will amortise it over the remaining period of the loan," with the amount to be paid off to be 60 million ringgit this year, the Star newspaper reported.

"We are closely monitoring the ringgit's volatility against the US dollar and would take the necessary steps to hedge against those fluctuations at the right time," he added.

The ringgit, which plunged to a 24-year low of 2.8250 to the dollar Friday, rebounded to 2.7730 in early trade Monday.

Pak minister tells SAARC seminar Politics plays prank with economic plans

ISLAMABAD, Aug 19: Political differences are the main barriers to the promotion of economic relations among member nations of the South Asian Association of Regional Cooperation (SAARC), Pakistani Finance Minister Sartaj Aziz said yesterday, reports Xinhua.

Aziz made the remarks while addressing a two-day seminar on "South Asia '97" towards a progressive economic union held in Pakistan's southern port city of Karachi, the official Associated Press of Pakistan reported.

Referring particularly to the Indo-Pak relations, the minister said that "if political relations warm up, the economic relations will automatically improve."

Since its birth, SAARC has not made the desired progress

due to political differences among member countries like Pakistan and India, he added.

Countries in the South Asian region, where inhabits one-fifth of the population of the world, have been offered tremendous opportunities to work together for mutual benefit by meeting the demand of consumers, Aziz said.

He added that considerable progress has been made by the economies of South Asian countries on their way towards a market economy.

There was need for formation of a strong regional block in this part of the world to avail maximum profits of inter-trade, Aziz said.

"As a single country we would have limited exports, but as a regional block we could enhance exports for our mutual benefit," he added.

Steps to help EPZ investors

The Bangladesh Export Processing Zones Authority (BEPZA) has decided to take measures to improve operational facilities for the investors of Dhaka and Chittagong Export Processing Zones.

A meeting between top BEPZA officials and investors discussed issuance of visa recommendation by the authority, strengthening security in the zones, 24-hour Customs service, availability of Customs officials during holidays on requisition basis, security on Dhaka-Tongi-EPZ Road, simplification of export and import procedures for EPZ goods at Zia International Airport, land rate and working atmosphere for lady workers during 3rd shift at night.

A press release says the meeting attended by BEPZA Chairman Moazzem Hossain Khan also decided to urge the concerned govt authority to help simplify the existing operational procedures.

Tae Kyu Han, Ambassador of Republic Korea and the Commercial Counsellor of Korean Embassy attended the meeting as invited guests of BEPZA.

It was also attended by the Korean investors and their representatives.

Saif Uddin, Member (Investment Promotion), BEPZA, Police Commissioner of Chittagong, Customs Commissioner and Customs House of Chittagong, General Manager of CEPZ and other senior officers of CEPZ also participated in the meeting.

WTO panel rules against EU ban on beef hormone

WASHINGTON, Aug 19: A World Trade Organization panel issued a final report Monday concluding that Europe's ban on hormone-treated beef is illegal, according to AP.

While US officials hailed the ruling as a key step in their lengthy effort to get Europe to lift the ban, the European Union is still expected to appeal to another WTO body. That could take another 60 to 90 days.

The WTO panel found that Europe's ban on six growth hormones in cattle is an unfair restriction on trade because it has no scientific basis and does not mesh with current international safety standards on beef.

"The WTO settlement panel has affirmed what we have known for over nine years: that European consumers are being denied a high-quality and safe product due to an import regulation that cannot stand up to the test of good science," said US Agriculture Secretary Da Glickman.

The 1989 EU ban has blocked an estimated 100 million dollars annually in US beef exports from reaching Europe, officials said. The United States has retaliated by raising duties on various products from Europe.

Hormones are widely used in the United States to promote growth in cattle and to increase milk production in cows. The EU ban had cited health concerns, but scientists have uniformly found that beef produced with hormones is safe.

US officials have long contended the ban's true purpose is to protect the Europe beef industry from American exports and to level competition within the EU itself.

US Trade Representative Charlene Barshefsky said the EU was attempting to "justify trade barriers by thinly disguising them as health measures" and that the WTO panel was able to see through that.

Exchange Rates

The following are the **Small Bank's** dealing rates (BD Tk for one unit of Foreign Currency) to public as on 19/8/97.

	Buying		
	TT Clean	OD Sight	OD Transfer
US Dir	44.2200	44.2545	44.1580
GB Pound	70.8934	70.6293	70.4753
D Mark	24.0638	23.9741	23.9218
F Franc	7.1466	7.1199	7.1044
C.Dir	31.8245	31.7059	31.6368
S Franc	29.1159	29.0074	28.9441
JP Yen	0.3722	0.3708	0.3700

Name of Currency	Selling	
	T.T. & O.D.	B.C.
US Dollar	44.7105	44.7505
GB Pound	71.9397	72.0041
D Mark	24.4779	24.4998
F Franc	7.2639	7.2744
C.Dollar	32.3662	32.3952
S Franc	29.6203	29.6468
JP Yen	0.3824	0.3827

A) TT (DOC) US Dollar Spot Buying Tk. 44.3372					
B) Usance Rate					
30	60	90	120	180	360
Days	Days	Days	Days	Days	Days
43.8636	43.8695	43.8754	43.8813	43.8872	43.8931
C) US Dollar sight Bill buying rate 3 months forward purchase: Same as OD sight export Bill buying rate.					
Indicative Rate					
Selling		Buying			
Saudi Riyal	11.8061	11.6494			
UAE Dh	12.0586	11.8983			
KUW DI	144.9754	143.1189			
S Dollar	21.0877	20.8146			
D Kroner	5.5216	5.4480			
Malay Ringgit	15.9327	15.7168			