



HYUNDAI

CARS THAT MAKE SENSE

Kibria lauds
IDB for
wakf fund

Finance Minister Shah AMS Kibria on Wednesday lauded the Islamic Development Bank's (IDB) initiative for establishing a wakf fund of one thousand million Islamic dinar which is equivalent to about one thousand five hundred million US dollars, reports BSS.

The finance minister expressed the hope that IDB would take some new projects in Bangladesh under this wakf fund.

Kibria was addressing the 20th meeting of the 'Mutawalli Committee' of IDB-Bangladesh Islamic solidarity education wakf at IDB Bhaban at Agargaon here.

President of the bank Dr Ahmad Mohammed Ali also spoke on the occasion.

Kibria congratulated Ahmed Saad Al Jasser, the Chairman of Kuwait Intentional Investment Corporation for becoming chairman of the new fourth Mutawalli committee.

The minister said IDB has certain distinctive features which differentiate it from many other multi-lateral financial and development institutions.

He observed that the bank has firm commitment towards human resource development, especially in the field of education.

"I hope the objectives of establishing this wakf building (IDB Bhaban at Agargaon) will be achieved and the income from this building will make valuable contributions to qualitative improvement of orphanages and Islamic education in Bangladesh," Kibria said.

Dr Ahmad Mohammed Ali, President of IDB, said "Human resource development continues to remain and increasingly important item in the bank's priority area of activities."

Clinton proposes
new laws on
tobacco

WASHINGTON, Sept 18: President Bill Clinton proposed new laws yesterday for cracking down on teen smoking that could raise cigarette prices dramatically and outlaw some advertising, reports AFP.

The administration believes tobacco legislation must include stiff penalties that give the tobacco industry the strongest possible incentive to stop targeting kids," according to the plan that Clinton was to formally announce later in a White House ceremony.

The five key elements of the proposed legislation include penalising cigarette companies if teen smoking is not cut by 60 per cent in ten years. The penalties could raise cigarette prices by 1.50 dollars a pack.

also give full authority for the Food and Drug Administration to regulate tobacco products, limits advertising, boosts efforts to reduce smoking-related diseases and offers protection for tobacco farmers.

BA cabin crew
dispute settled

British Airways and the Transport and General Workers Union last week jointly announced the settlement of the cabin crew dispute which led to July's strike, says a press release.

The agreement has secured the \$42 million dollars savings needed from the cabin crew budget, towards the \$1 billion dollars a year British Airways aims to save across the company by the year 2000, as part of its business efficiency programme.

It also paves the way for a new relationship between the airline and the unions representing its cabin crew — the T&G/BASSA and Cabin Crew 89.

Bob Ayling, British Airways' Chief Executive, said: "Today's agreement signals a genuinely new beginning for relations and spirit of co-operation inside the company."

Syscom denies

Shahidul Haque, managing director of Syscom, has disowned some statements attributed to him in a story published in The Daily Star Wednesday.

The story titled 'BUET experts call for scrapping contract' quoted Haque as accusing DSE of 'suffering from indecision', a statement he denied to have made at all.

Haque's Syscom is the local agent for Tandem, the US-based computer firm, which was awarded the computerisation work of the Dhaka Stock Exchange.

Haque also denied to have made the statements which led the reporter to write: "Shahidul Haque alleged that the BUET experts did not consult them, preparing the report and never inspected the equipment, proposed to be installed. Nor did they want to know about the software being developed, he (Haque) said."

Haque in his letter to The Daily Star said: "This statement is totally incorrect because, as Tandem's local representative, we know that no 'equipment' has yet arrived in Dhaka against the DSE contract and so the question of asking anybody to 'inspect' such 'equipment' does not arise."

State investment on new units contradicts policy

Govt under WB fire

By Inam Ahmed

Inclusion of 11 new industrial projects worth Tk 22.5 billion in the Annual Development Programme for 1997-98 and the decision to upgrade a number of state-owned enterprises (SOEs) is likely to make Bangladesh's balance sheet look worse, according to donors.

The World Bank says these decisions, questionable in many cases, are now seen as a reversal of the government's avowed policy of leaving investment in manufacturing to private hands.

The costs of these new projects proposed for the fiscal 1997-98 are equivalent to 18 per cent of the total ADP of the year.

The Bank in a review of public expenditure has said that there are indications of a policy reversal this fiscal, while the share of ADP allocation for industry has come down in recent years -- to 1.6 per cent in fiscal 1996-97.

"Public involvement in these projects is unwarranted and could be avoided with more committed adherence to the industrial policy and implementation of the privatisation programme," the Bank said in what is an annual exercise, the so-called Public Expenditure Review (PER).

The proposed new projects include three large fertilizer plants -- Shahjalal Fertilizer Factory, costing US\$ 242 million, a urea factory in the northern or southern Bangladesh costing US\$ 366 million, and Di-Ammonium Phosphate Plant at CUPL involving US\$ 70 million. Also on the list are a paper plant at Sylhet Paper and Pulp Mill costing US\$ 19 million.

In addition, the financial losses of the SOEs are likely to increase in future because of the government's decision for balancing, modernisation, rehabilitation and expansion of these enterprises.

Instead of relying on the private sector for BMRE of SOEs when the government's ultimate plan is to divest these units, fresh investments will be fruitless, it said.

"Given the uncertainty about prospective private owners' future plans regarding the continuation of existing lines of production and possibility of restructuring, BMRE decisions by SOEs could turn out to be wasteful," the Bank warned.

The projects, under the government's BMRE programme, are: Chhatak Cement Factory, Karnaphuli Paper Mills, Sylhet Pulp and Paper Mills, North Bengal Paper Mill, Khulna Newspaper Mills, Gulfa Habib Jute Mills, and Carew and Company Sugar Mills.

At least six of them have already been identified for privatisation which strengthens the question about the proposed BMRE.

Already the losses of the five major manufacturing corporations -- Bangladesh Steel and

Engineering Corporation, Bangladesh Sugar and Food Industries Corporation, Bangladesh Chemical Industries Corporation, Bangladesh Textile Mills Corporation and Bangladesh Jute Mills Corporation -- have shot up to Tk 6.4 billion in fiscal 1996-97.

"New public investment in manufacturing needs to be ruled out to avoid repeating the mistakes of the past," said the WB report.

Analysts say BMRE of these units may also lead to price escalation of these units which will in turn make their disinvestment even more difficult. "When the government is desperately trying to sell its old SOEs, setting up new ones is an absurd proposition. These units will again need to be divested which always is a painful exercise. Investment in these new projects may even result in crowding out effect on the private sector," one former corporate executive said.

Tk 25 cr British
grant for
fishery project

Star Business Report

British Department for International Development has approved a grant of 3.46 million pounds sterling (over Tk 24.6 crore) towards the cost of Phase-2 of the Fisheries Training and Extension Project in Bangladesh.

The signing of the formal Exchange of Letters for the British grant, took place at a brief ceremony at the National Economic Council (NEC) Bhaban in the city yesterday, says a press release.

Finance Minister S A M S Kibria and British minister Clare Short signed the Exchange of Letters on behalf of respective sides.

This project, which will run for five years, will strengthen the training and extension capacity of the Department of Fisheries of Bangladesh Government to address and respond to the needs of poor fish farmers throughout the country.

The project also addresses the needs of small Non-Governmental Organisations (NGOs), rural secondary schools and children in developing training initiatives.

Artificial basin in
Karnaphuli planned

From Nurul Alam

CHITTAGONG, Sept 18: The authorities have planned to set up an 'artificial basin' in Karnaphuli river near the Chittagong Port in order to facilitate the berthing of deep-draft vessels.

The port authorities, meanwhile, have engaged a UK-based consultancy firm to conduct a feasibility study financed by the World Bank, port officials said.

The British firm, Mott MacDonald, recently embarked on the study work for the artificial basin, supposed to be completed within 14 months.

The study will cost 1.20 million dollars, they informed. Port officials said the plan for raising an artificial dock with lock-gate has been taken in view of future expansion programme of Chittagong Port that handles lion share of import and export cargo.

If the feasibility report is found favourable, measures will be taken to set up the artificial basin which may provide some jetties to allow berthing of 10-metre draft cargo vessels, officials added.

Presently, vessels of maximum nine-metre draft can enter the Chittagong Port jetties

and if the draft is found higher, it needs lighter at the outer anchorage involving some extra costs, the officials informed.

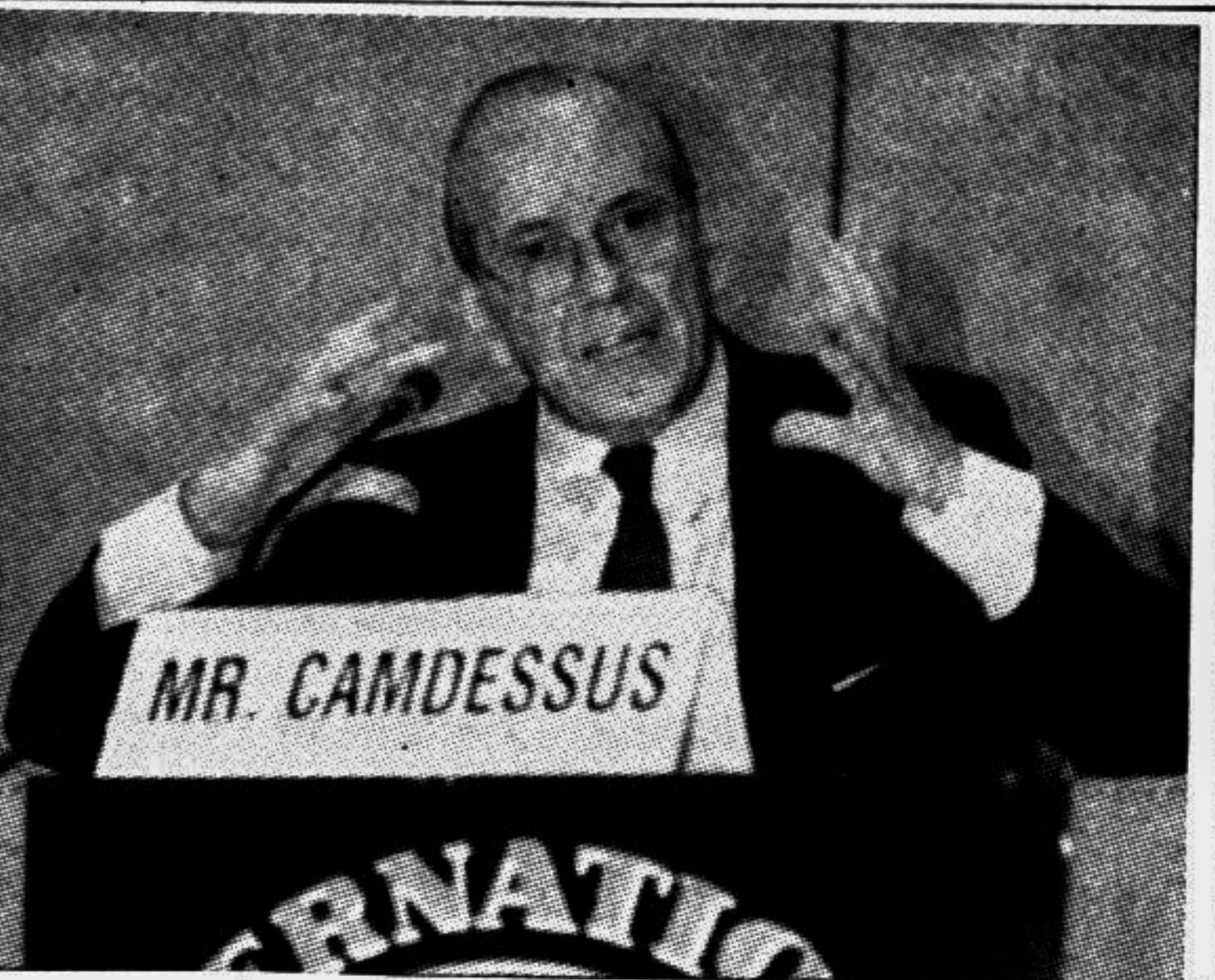
They said ships of deep-draft will enter the port jetties directly if an artificial basin is set up.

Artificial basins are available in many other advanced ports, officials informed.

Prosecutors raid
Daiwa Securities

TOKYO, Sept 18: Japanese prosecutors raided Daiwa Securities Co. Offices and the homes of its top executives Thursday in connection with a scandal involving payoffs to a corporate racketeer, reports AP.

The raids came one day after the Tokyo District Public Prosecutors Office arrested five current or former Yamaichi Securities Co. officials who allegedly, paid off the same racketeer, Ryuchi Koke. Earlier that day, Japan's Securities and Exchange Surveillance Commission filed a criminal complaint against Yamaichi and the five executives.



International Monetary Fund Managing Director Michel Camdessus addressing a press conference at Hong Kong Convention Centre yesterday. Speaking about the recent financial crisis in Southeast Asian countries, Camdessus said the region is in the period of adjustment.

— AP/UNB photo

Tax hike, public spending cuts to pay civil servants

Indian industry slams govt

NEW DELHI, Sept 18: The Indian government's decision to raise taxes and freeze public spending to pay for higher public sector wages was slammed by industry as "a major setback," reports AFP.

The measures, announced late Tuesday following a cabinet meeting, are due to raise two billion dollars to finance higher salaries for four million state employees.

They are also designed to keep the fiscal deficit within the targeted 4.5 per cent of gross domestic product (GDP) for the financial year from March 1998.

Economist V. Raghuraman, Secretary General of India's associated chambers of commerce and industry, said the decision would hurt future investment and growth.

"The government got itself into this mess and, as before, has bought today at the cost of tomorrow," he said.

The government said it would increase customs duties on non-petroleum imports by three per cent rise, while cutting government expenditure and increasing the self-off of shares in public companies, foreign travel tax would also be more than doubled.

The measures are expected to raise 68 billion rupees (1.88 billion dollars), effectively paying for the 71 billion rupees needed for the government staff pay increases.

The decision followed New Delhi's move earlier in September to increase wages for an estimated four million junior federal government employees after they threatened to go on strike.

But Raghuraman said: "By agreeing to the wage rises, the government has left a big hole in its budget, these are interim measures and they are all tail orders."

He said the government wanted to cut overall expenditure by around 900 million dollars but he doubted if it could be achieved.

He said higher import taxes would help the competitiveness of domestic Indian firms, but would hurt companies relying on foreign materials and machinery.

Finance Minister Palaniappan Chidambaram had opposed the new wage hikes. His ministry said they would increase the government's wage bill by

67 per cent to 13.07 billion dollars.

India's fiscal deficit currently is about five per cent of GDP, or 18 billion dollars. The government has pledged to bring it down to four per cent in the current financial year.

Economist Bidisha Ganguly, at the foreign brokerage W.I. Carr Securities Ltd., described the measures as "fairly desperate moves to rein in the fiscal deficit which is threatening to go out of control."

"In fact, it is also a partial rollback of the tariff reforms, and in that sense is a partial reversal of the economic reforms," she said.

She said the government had taken "a short term view and given in to the demands of domestic industry for more protection."

She said Chidambaram was committed to reducing average import tariffs to the levels of other Asia-Pacific countries, at around 18 per cent, but that the average level after Tuesday's announcement would rise one percentage point to 28 per cent.

Ganguly said New Delhi's decision was inevitable after it agreed to the pay demands while refusing to cut subsidies.

Year-on LC opening
rises by 7 pc in July

Star Business Report

Opening of letters of credit (LCs) for import has increased by 6.96 per cent to Tk 2386.18 cr during July this year compared to the same period last fiscal year, says a Bangladesh Bank (BB) press release.

The increase was because of a rise in import of consumer goods, industrial raw materials petroleum products and capital machinery, which figured for 36.45 per cent of the total LC value.

Goods worth another Tk 9742.21 crore are in the pipeline, BB said.

The highest amount of LCs amounting to Tk 509.97 crore were opened for import of fabrics and accessories for garments.

ment industries. Chemicals and allied products came in the second place with LCs worth Tk 199.68 crore opened in the month.

The other major items against which LCs were opened in July this year are: wheat (Tk 21 crore), sugar (Tk 39 crore), milk food (Tk 23.91 crore), edible oil (Tk 53.51 crore), raw cotton and synthetic fibre (Tk 89.37 crore), petroleum oil lubricants (Tk 180 crore), fertiliser (Tk 66.26 crore), cement (Tk 31.44 crore), C.I. Sheets, GP Sheets and tin plate (Tk 101.96 crore), machinery (Tk 198.83 crore) and motor vehicles (Tk 34.29 crore).

China is in
uncharted
waters: WB

HONG KONG, Sept 18: China's economic revolution is "the most remarkable development of our time," but no one can say where it's heading, the World Bank has concluded, reports AP.

Now midway through its transformation, the communist giant faces a "task of unparalleled difficulty" in completing the journey toward sustained growth and a truly market-based economy, says a report released Thursday.

"This has been the most remarkable development of our time... but China is in uncharted waters," it says.

Even the numbers aren't reliable, the bank says, because some of the growth figures have probably been exaggerated.

Most Asia-Pacific share markets lose ground

TOKYO, Sept 18: Most Asia-Pacific share markets lost ground on Wednesday in sluggish trade amid a lack of incentives and the ongoing Southeast Asian currency crisis, reports AFP.

Japanese share prices closed 1.6 per cent lower, hit by selling from corporate investors who moved to take advantage of early gains following advances on Wall Street, while Hong Kong markets were shut for a holiday, leaving regional investors with few directional cues.

Financial markets in Seoul were also closed for holidays.

In Tokyo, the key Nikkei Stock Average of 225 selected issues on the Tokyo stock exchange fell 291.23 points to end the session at 17,683.27, the broader Topix Index of all first section issues was down 20.27 points at 1,373.97.

"The lead to buy at the outset was only gains in New York and Chicago (futures) trading," a Tokyo securities broker said.

Although many dealers started as buyers at the outset they turned sellers as soon as they saw the lack of follow-through buying.

Once the Nikkei 225 index fell below 17,900 points, it was easy for investors to hunt for bargains, brokers said. Share prices closed lower, but off their lows, supported by

sporadic rounds of light bargain-hunting from pension funds, but the buying lacked strength to push share prices back into positive territory, brokers said.

"As there are no leads to encourage buying, the main buyers are limited only to pension funds," a broker said.

"Although bargain-hunting by pension funds emerges, they sell stocks in the broader market at the same time as they buy blue chips," a broker at Tokyo securities said.

KUALA LUMPUR: Malaysia's key stock index closed 1.9 per cent lower, dragged down by the weakening ringgit and amid a lack of fresh leads, dealers said.

"The ringgit's fall below the 30,000 level against the dollar has further dampened sentiment. The market was drifting on very thin volumes amid a general lack of buyers," said an institutional dealer.

Another dealer said that most investors were reluctant to take positions ahead of the budget next month which is expected to be hard hitting, and they were also waiting for the ringgit to strengthen.

The ringgit breached the psychological 30,000 level at the start of early trade Wednesday against the greenback, and hovered around the 30,100 level.

The Kuala Lumpur Stock Exchange 100-share weighted composite index fell 15.96 points to 881.12. The lesser second board index eased 12.69 points, or 3.0 per cent to 416.79 points.

SYDNEY: Australian share prices gained 1.0 per cent, with major stocks driven higher by reassuring economic data from the United States and a rally on Wall Street.

"Definitely the economic data in the states was the main driving influence in the local market," Henderson Charlton Jones dealer Scott Emms said, referring to the benign inflation data which reduced the chance of an interest rate rise.

The Australian Stock Exchange's main indicator, the All Ordinaries Index, rose 27.5 points to 2,679.3.

The all resources index rose 3.5 points to 1,330.3 and the all industrials index gained 56.3 points to 4,395.4.

SINGAPORE: Singapore's blue-chip stocks ended 0.5 per cent lower amid concern over the continued plunge in regional currencies against the US dollar, dealers said.

"Although wall street is up, the market was down, triggered by continued weaknesses in regional currencies. But the downside seems limited," a dealer with a local stock bro-

kerage said. The stock exchange of Singapore's blue-chip benchmark, Straits Times Industrials Index, dipped 10.36 points to end at 1,910.24 while the broader All-Singapore index fell 1.95 points to 462.18.

Elsewhere in the Asia-Pacific region:

BANGKOK: Thai share prices dropped 1.9 per cent after rating agency standard and Poor's downgraded Thailand's major financial institutions and amid political uncertainty, analysts said.

"Trading was very thin because Hong Kong was closed. The market was down because of the Standard and Poor's downgrades on major banks that were announced today," said a Deutsche Morgan Grenfell analyst.

The Stock Exchange of Thailand (SET) broad-based index dropped 9.81 points at close at 517.40 points, while the SET-50 index of selected stocks was off 0.92 points at 381.17 points.

JAKARTA: Jakarta share prices closed 1.5 per cent lower as lack of confidence reigned amid weakness in regional markets and currencies, dealers said.

"Basically, people are losing confidence in our economy, particularly as yesterday's government announcement was

unlikely to meet market expectation," an institutional dealer at a local brokerage said.

The Jakarta Stock Exchange composite index closed down 8,093 points at 526,737.

MANILA: Philippine share prices fell 1.7 per cent due to continuing political and economic uncertainty, dealers said.

David De La Cruz, vice-president of Amstel Securities said "the issue here is the uncertainty factor: what is going to happen on September 21," when the catholic church holds a rally to oppose alleged moves to extend President Fidel Ramos's term.

He also cited the fall of the peso in early trading during which it plunged to a new low of 32.65 pesos to the dollar.

The Philippine stock exchange fell 35.59 points to close at 2,073.96 points.

SHANGHAI: Shanghai's B Shares, nominally reserved for foreign investors, rose 1.0 per cent on thin turnover, analysts said.

"The B share market was on a technical correction on thin turnover due to the lack of fresh incentives," an analyst with a foreign brokerage house said, adding that he expected a consolidation.

The Shanghai Stock Exchange's B share index rose 0.8

Dhaka-Tehran air,
shipping links soon

Iran will start air and shipping operations with Bangladesh soon as the new Iranian Ambassador in Dhaka sees "immense potentialities" of trade and economic activities between the two countries.

Talking to UNB at the Iranian embassy, Ambassador Mohammad Sadegh Fayyaz said Iran Air plans to begin its Tehran-Dhaka operation from November 1 following an agreement between Bijan Bangladesh Airlines and the

Iran Air. He said Iran Air will operate Tehran-Dhaka-Tehran flight once a week.

A shipping agreement with Bangladesh is now at the final stage and its signing will be completed shortly, the ambassador said.

The agreement, he said, will offer transit facilities to Bangladesh for transporting its goods to the CIS countries through Iran using the Bandar Abbas port.

CHITTAGONG STOCK PRICES

Thursday's Market Performance

Company Name	Avg. Rate	Prv. Rate	Change	Shares Traded
AB Bank	146.00	240.00	-94.00	20
Islami Bank	3000.00	3250.00	-250.00	2
Uttara Finance	302.50	275.00	27.50	100
Quasem Drycells	85.50	74.40	11.10	8350
Anwar Galvanizing	260.77	237.50	23.27	1300
Aftab Auto	401.00	364.71	36.29	445
Olympic Industries	577.50	525.00	52.50	405
Bd Zipper	138.26	141.22	-2.96	1250
Wonderland Toys	178.46	168.52	9.94	1200
Bd Luggage	128.00	119.50	8.50	250
Bd Auto cars	151.00	137.34	13.66	90
Bd Lamps Ltd	3000.00	4700.00	-1700.00	5
Eastern Cables Ltd	395.86	373.02	22.84	280
Apex Food	1395.50	1269.00	126.50	10
Raspi Food	437.00	397.50	39.50	350
Bengal Biscuit	167.76	159.08	8.68	1280
Beximco Fisheries	169.91	160.84	9.07	220
AMCL (Pran)	780.00	755.15	24.85	50
BTCL	149.41	136.00	13.41	2700
Ctg Vegetable	155.00	141.17	13.83	940
Tripti Industries	330.00	300.21	29.79	230
Padma Oil	222.50	209.00	13.50	100
Boc (Bd) Ltd	160.98	155.08	5.90	5900
Prime Textile	186.43	169.65	16.78	2150
Apex Weaving	108.11	98.96	9.15	4800
Apex Spinning	209.00	190.00	19.00	40
Beximco Textile	149.51	141.49	8.02	3350
Beximco Synthetics	239.69	226.30	13.39	860
Beximco Denims	287.38	271.37	16.01	1600
Beximco Knitting	135.56	134.27	1.29	320
Padma Textile	450.00	416.50	33.50	20
Sajib Knitwear	53.21	49.11	4.10	2050
Chic Tex Ltd	13.18	12.03	1.15	115500
Sreepur Textiles	87.50	79.87	7.63	700
Monno Fabrics	139.04	128.40	10.64	12200
Eagle Star	16.90	15.40	1.50	12900
Alltex Ind	107.72	99.98	7.74	6550
Bd Dyeing	275.35	260.00	15.35	400
Dynamic Textile	55.78	53.45	2.33	5880
Ashraf Tex	35.94	33.70	2.24	10000
HR Textiles	116.25	106.00	10.25	2000
Anlima Yarn	90.00	85.00	5.00	150
Square Pharma	1074.13	978.01	96.12	2740
ICI Ltd	130.88	120.89	9.99	67108
Beximco Pharma	193.52	191.95	1.57	102900
Reckitt & Colman	130.88	120.89	9.99	1250
Ambee Pharma	309.32	37.08	1.94	3550
Imam Button	48.38	95.00	8.38	1680
Orion Infusion	96.86	93.29	3.57	3120
BCIL Ltd	242.00	220.00	22.00	150
Shine Pukur	136.09	124.21	11.88	52900
Eastern Housing	167.59	154.41	13.18	24520
Samorita Hospital	135.00	125.50	9.50	500
Confidence Cement	554.50	504.50	50.00	765
Cig Cement	1695.50	1541.50	154.00	30
Meghna Cement	409.00	372.00	37.00	50
Niloy cement Indus	310.62	321.91	-11.29	9200
Apex Tannery	666.50	606.00	60.50	750
Apex Footwear	434.41	396.00	38.41	580
Mark Bangladesh	196.00	196.50	-0.50	200
Excelsior Shoes	111.33	106.00	5.33	2200
Paragon Leather	128.00	116.50	11.50	500
Usmania Glass	1021.00	954.00	67.00	35
Aramit	83.70	82.70	1.00	14550
Beximco	147.20	133.90	13.30	2300
Monno Ceramic	890.73	899.92	-9.19	375
GQ Ball Pen	296.67	288.20	8.47	300
RH Ball Pen Ltd	38.70	35.20	3.50	500
Rupali Insurance	328.50	307.00	21.50	40
Janata Insurance	252.68	254.21	-1.53	760
Central Insurance	362.73	363.90	-1.17	220
3GIC	405.00	430.00	-25.00	80
Pragati Insurance	700.00	700.00	0.00	
Shandani Life Ins	180.00	165.50	14.50	150
Phoenix Ins	295.00	315.00	-20.00	20