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The Daily Star BUSINESS

DHAKA SATURDAY, OCTOBER 4, 1997

HYUNDAI
CARS THAT MAKE SENSE

Bangla-Norway Chamber

Bangladesh-Norway Chamber of Commerce has been formed at a meeting held in the city recently.

Asam J. Chowdhury, Managing Director of East Coast Group and Inge Skaar, Managing Director of Gramphon Phone Ltd. were unanimously elected Chairman & Vice Chairman respectively of the 12 member Board, says a press release.

Abdul Awal Mintoo, KM Khaled, Khandakar A. Salam, Kutubuddin Ahmed, Shahed Latif, Syed Fazle Ali, Mr. Graham Bell, Arvid Knutsen, Md. Aliuzzaman, Nadeem A. Chaudhury are made directors of the Board.

The meeting was attended, among others, by Hans Fredrik Lehne, Ambassador and Einar Landmark, 1st Secretary of the Norwegian Embassy in Dhaka.

Govt aviation firm in China plans to cut 150,000 jobs

BEIJING, Oct 3: The state-owned firm Aviation Industries of China plans to cut 150,000 jobs by the year 2000 and to try to place the workers in other positions, the official newspaper China Daily reported Friday, says AP.

The massive layoff will affect about one-fifth of China's aviation workers and is part of a nationwide effort to restructure unprofitable state companies, the paper said.

The still nascent aviation industry requires only about 200,000 people for aircraft production. After the layoffs, the AVIC group will still have a total 500,000 workers, the report said.

The planned layoffs were disclosed at an aviation conference held in September. AVIC official Ren Wei told participants his company would try to place the redundant workers in other jobs.

Visa credit card sales up in India

BOMBAY, Oct 3: The US-based credit card firm Visa International on Thursday reported a 45 per cent jump in spending by card holders in India for the year ended June 1997, says AFP.

Domestic visa card sales volume grew by 45 per cent to reach 296 million dollars ... reaching a milestone. Visa also achieved a 55 per cent growth in the number of domestic transactions to reach 6.8 million.

Dennis Goggin, Asia-Pacific president for Visa International, said.

Goggin said spending by foreign visa card holders visiting India between July last year and June rose 19.4 per cent to 283 million dollars.

"India is one of the fastest growing markets for visa in the region," he said.

Visa has 21 member banks and more than 800,000 card holders in India according to the company.

Goggin said visa card holders in the Asia-Pacific spent 182 billion dollars for the year to June 1997, up 33 per cent from the same period in the previous year.

Asian investors looking at post-communist countries

PRAGUE, Oct 3: Asian investors are increasingly looking at the 'tiger cubs' of the emerging markets of Central and Eastern Europe, bankers and investors at a Prague conference heard on Thursday, reports Reuters.

But while the lure of future European Union membership for post-communist countries is strong, doubts remain about underdeveloped capital markets and infrastructure.

Despite several major projects, Asian investment in Central and Eastern Europe has been low.

Kazuharu Nogami, Executive Director of the Export-Import Bank of Japan in London, told the conference that the bank had extended united loans to the region of more than two billion dollars but Central Europe had attracted just 0.07 per cent of Japan's foreign direct investment (FDI) of 45 billion dollars in 1996, he said.

"We believe that from now on export credits and foreign direct investment loans will become more useful in developing the economic relationship between Japan and (Central Europe)," he said.

A group of senior Japanese industrialists is visiting Eastern Europe this week as part of a mission from the Keidanren Federation of Economic Organizations.

Czech Industry and Trade Minister Karel Kuhn told the conference, which brought together industrialists and investors from both regions, that Central Europe would become a more attractive base for Asian companies as the European Union expanded. "It may prove in the future instrumental for the penetration of the Pan-European market," he said.

Profit-taking pushes share prices down

By Rafiq Hasan

A huge selling pressure pushed the market indicators of the country's two bourses down again last week after witnessing a brief bull-run in previous week.

The DSE All Share Price Index went below the 1000-point mark during the week which was crossed at the middle of last month.

The selling pressure was attributed by the market observers to an 'early profit-taking trend' among the investors.

Whenever the market goes up, a large number of investors try to release their stocks, a broker, said adding it is not unusual. "It's also a reaction to the continuous rise in previous week."

The falling trend could not be protected even after introducing a uniform netting system of trade settlement in both the exchanges.

The DSE members and

share-traders are enthusiastic as the bourse authorities decided to keep the floor open on Saturdays, with effect from today. It will help in netting trade settlement, they felt.

The stock brokers and investors welcome the decision as they hope the trading will gain momentum on the holiday.

A broker said officers and employees of different government and semi-government offices who invest their money in share market were happy with the decision.

It will be comfortable for the brokers for availing of netting system also. Earlier they had to settle trading everyday but now it will take place on Tuesdays and Thursdays.

Though trading on DSE was up and down on Sunday and Thursday, the market witnessed a declining trend on the other days of the week.

The DSE fell by 67.23 points

to 956.56 points over the week from a comfortable position of 1023.79 points the previous week.

The market capitalisation of DSE declined by Tk 336.38 crore closing at Tk 8304.85 crore from previous week's Tk 8742.23 crore.

Out of 141 issues traded, prices of 59 gained and 81 declined while one issue remained unchanged. The average volume of trading was 7.21 lakh valued at Tk 10.54 crore every day.

An NBR circular regarding a change of income tax jurisdiction over DSE members also caused the bearish trend on the capital market, observers felt.

The Chittagong Stock Exchange All Securities Price Index fell by 21 points over the week and closed at 410.62 points. The market capitalisation of the exchange went down to Tk 6634.98 crore from Tk 6880.76 crore.



Prime Minister Sheikh Hasina going round the Doel Group stalls after inaugurating BATEXPO '97 at Sonargaon Hotel Thursday.

Thailand may allow foreigners to fully own financial institutions

BANGKOK, Oct 3: Desperate to rehabilitate Thailand's ailing banking system, Prime Minister Chavalit Yongchaiyudh will let foreigners fully own Thai financial institutions for up to 10 years, reports AP.

In an interview Thursday with editors of Thai Rath newspaper, Chavalit also said the government will cut the fiscal 1998 budget by 140 billion baht (3.8 billion dollars) from 923 billion baht (25.6 billion dollars).

Both statements appeared to contradict previous assertions by Chavalit's Cabinet ministers. High-level contradictions have become increasingly frequent as the Thai government has grappled with the collapse of a decade-long economic boom.

According to an edited transcript of Chavalit's interview, the prime minister said that the government will leave it to financial institutions to decide how large a stake they would sell to foreign investors.

Under current law, foreigners are forbidden from owning more than 49 per cent of Thai financial institutions. The government is expected to announce measures October 15 to save the debt-burdened system, including relaxing foreign-ownership regulations.

But the easing of the rules will only be for a fixed period, after which foreign investors will be required to become minority owners once more.

On Wednesday, Deputy Finance Minister Chaovaratt

Charveerakul said the period would be five years. Siri Ganjarnde, an assistant central bank governor, said Thursday it would be 15 years, Chavalit said 10 years.

If we don't open the doors for them, they wouldn't come in," Siri Ganjarnde, the bank official, "If they don't come in, where will we get the money to rehabilitate finance companies?"

Its foreign reserves drained, Thailand has been forced to seek a 17.2 billion dollars in loans arranged by the International Monetary Fund, the second-largest rescue package in history. The IMF has ordered Thailand to increase reserves and cut the state budget.

Trading in shares of Mitsukoshi suspended

TOKYO, Oct 3: Trading in shares of a major department store chain were suspended on the stock market Friday when the company announced huge losses incurred by a golf course management subsidiary, says AP.

The 44.6 billion yen (365.57 million dollars) one-time loss was due to poor management and a prolonged slump in real estate prices, Mitsukoshi President Shoji Tsuda told a press conference.

The Tokyo Stock Exchange suspended trading in Mitsukoshi shares after they fell 70 yen (57 US cents) to 530 yen (4.34 dollars).

Indonesia's currency crashes to a new low

JAKARTA, Oct 3: Indonesia's currency crashed to a new low Friday when it hit 3,725 rupiahs against the US dollar before recovering slightly, says AP.

The plunge carried over into the Jakarta Stock Exchange where the main index dropped 4 per cent, or 21,447 points to 515,477 points.

Brokers in Jakarta said both foreign and local investors panicked and dumped their shares to cut their losses when the rupiah fell through the 3,700 barrier against the dollar.

Currency dealers said local companies bought the dollar either to cover their upcoming

matured dollar-denominated debt or for import purposes.

The rupiah climbed back to 3,410 rupiah in late trading in the spot market.

The currency has lost more than a third of its value against the dollar since the beginning of the year and has suffered volleys of speculative attacks like other Southeast Asian currencies since July.

Central Bank Governor Soedradjat Djiwandono told a news conference that importers and companies repaying offshore loans have driven the rupiah down and the dollar higher since last week.

India's largest stock exchange suspends trading

NEW DELHI, Oct 3: India's largest stock exchange suspended trading Friday after a power failure around the satellite that beams its transactions around the nation, reports AP.

Scientists shut down the Insat-20 communications satellite late Thursday after a break in the power supply caused it to lose its directional lock on the earth.

"We had to switch off all the transponders," said S. Krishnamurthy, spokesman of the Indian Space Research Organization in the southern Indian city of Bangalore.

Scientists reestablished the "earth lock" but shut down the satellite to investigate the cause of the failure of one of its two power supplies.

The National Stock Exchange, where roughly 40 per cent of India's transactions are conducted, closed its equity trading Friday, but said it hoped to be operational again by Monday, the Times of India reported.

The exchange uses three of the satellite's 24 transponders. India's state-run television and the government's Department of Telecommunications also use the satellite.

The Insat-20 one of India's most advanced satellites, was launched June 4 by the French Ariane-4 rocket.

The breakdown came just three days after India used its own rocket to launch a remote sensing satellite, the IRS-1D, in what was hailed as a major step for India's space programme.

But the satellite fell short of its intended orbit, and scientists were struggling to correct the error that put it into an elliptical rather than circular orbit, said the Indian Space Research Organization.

Dollar higher in Tokyo

TOKYO, Oct 3: The US dollar was higher against the Japanese yen on Friday, reports AP.

The dollar moved higher as Japanese traders ignored complaints by US automakers that the currency is too strong.

In late trading, the dollar was quoted at 121.94 yen, up 1.10 yen from late Thursday in Tokyo and also above its late New York level overnight of 121.65 yen.

In a meeting with the Clinton administration late Thursday in Washington, the Big Three US automakers blamed the dollar's recent strength against the yen for their sluggish exports to Japan and increasing imports from the country.

The dollar slipped right after the meeting but soon began rising in morning trading in Tokyo. Investors were relieved that US company officials didn't complain more about Japan's growing trade surplus.

The dollar has been strengthened against the yen over the past several months reflecting the vibrancy of the US economy and the weakness of Japan's. Traders have been worried, however, that a strong dollar would revive trade frictions by inflating Japan's trade surplus with the United States.

Japan's economic fundamentals remain very bad," said Kazuo Takayama, chief foreign exchange sales manager at Midland Bank in Tokyo predicting that the dollar will continue rising to more than 123 yen this month.

Pepsi awards prizes to 91 retailers

A prize giving ceremony was held in the premises of Pepsi recently, says a press release.

The prizes were given away to 91 retailers of Dhaka division who achieved the volume target.

TV personality Zahid Hassan, who has just joined the Pepsi family as an ambassador for Pepsi in Bangladesh, attended the function.

firm Friday.

The 58-year-old Luong replaced Cao Si Kiem, whose resignation was turned down Monday by Vietnam's National Assembly.

Luong, who trained in the former Soviet Union, joined the bank in 1959, but took a two-year break to work as deputy chairman of the local government People's Committee in the northern port city of Haiphong.

Asia business briefs

riety by adding Pepsi's cola drink inside their vending machines, Nihon Keizai said.

PepsiCo's soft drink company is the nation's second-biggest behind Coca-Cola. PepsiCo also owns the Tostitos and Pizza Hut brands.

HANOI: Do Que Luong, a deputy governor of the State Bank of Vietnam, has been named the institution's interim governor a bank official con-

Market access: Japan rejects US criticism

TOKYO, Oct 3: Japan's Ministry for International Trade and Industry (MITI) Thursday dismissed US criticism on foreign market access in the country, calling it "totally incomprehensible," says AFP.

The USTR (US Trade Representative) said foreign access to the auto parts market remains limited, while saying US exports increased such and such per cent," a MITI official said of a US statement overnight.

"It is totally incomprehensible," the official at the MITI's automobile division said, arguing the statement lacked concrete data to back up charges on restrictions in Japanese markets.

The office of USTR said Wednesday it was "increasingly concerned" about lingering trade barriers in Japan, while warning South Korea it could face sanctions for failing to import more foreign cars.

Despite recent reports that Washington might be prepared to get tough with Japanese authorities, Japan did not join South Korea on the super 301 "list, section 301, a provision of US trade law, enables Washington to take action against countries deemed to have engaged in "unreasonable, unjustifiable, or discriminatory" practices that restrict US commerce.

The USTR identified South Korea's barriers to imported automobiles as a priority foreign country practice, which will prompt investigation for possible sanctions within a year.

"Unlike South Korea, Japan was neither in priority nor on a watch list," The MITI official said. "The USTR just repeated what they have been saying, and it was for an advertising purpose, not for legally-binding action."

They are mentioning Japan's automobile and auto parts markets, but what we can do is to implement the 1995 agreement," he said.

The two countries reached an accord in 1995 to boost sales of US-made cars as well as the number of dealerships selling General Motors, Ford and Chrysler vehicles.

The US side said to found that while the 1995 bilateral

accord "led to positive results during the first year, this progress was slowed or even reversed in its second year."

Andrew card, head of the American Automobile Manufacturers Association, said last month that Japanese auto exports to the United States had increased 23 per cent this year alone while sales for US-made autos dropped to 5.1 per cent of the Japanese market in 1997 from six per cent in 1996.

But the MITI official contested, "Japanese automobiles have caused no friction in the United States."

"This is a view shared with the US big three automakers," he said.

The association in Washington is pretending to be representing the industry for the justification of its existence, but what it says does not necessarily match what the big three are thinking," the official said.

The USTR also voiced concern about access to the Japanese markets of sheet glass, paper and paper products.

But another MITI official said those markets are "open enough" to ensure fair competition.

Pak commercial banks allowed to extend forward cover

KARACHI, Oct 3: Pakistan's central bank has allowed commercial banks to extend forward cover, foreign official said here, reports AFP.

The cover will be provided on investments in the Pakistan rupee, according to a circular issued by the State Bank of Pakistan.

Abid Reza, a dealer at a leading brokerage house, said the facility would greatly help foreign investors at the country's stock market.

Arshad Arif, an analyst at UK-based Bred Securities said the move would reduce "worries" of foreign investors who used to cover risk against currency fluctuations through other means.

Pak plan to increase wheat production

KARACHI, Oct 3: Pakistan is planning to increase domestic wheat production in order to reduce its import bill and achieve self-sufficiency in food, officials said yesterday, reports AFP.

A wheat production target of 19 million tonnes has been set for the next year, up from about 16 million tonnes over the last year, and provinces have been asked to bring more land under wheat cultivation," they said.

Pakistan spends more than two billion dollars annually to import food items including wheat, the staple food here.

The country imported 2.3 million tonnes of wheat over the last year.

The government has raised minimum purchase price for wheat by 30 per cent from 185

rupees (4.63 US dollars) for 40 kilograms (88 pounds) to 240 rupees (six dollars).

Other incentives include a soft-term credit line of 10 billion rupees for the crop during the current fiscal year to July 1998 from the Agricultural Development Bank.

The irrigation department has been told to ensure an adequate water supply, the officials said.

Wheat Commissioner Qadir Baluch said high-yielding seeds, fertilisers and pesticides would all be used and bank loans would be made available to growers.

He said the Punjab, the largest wheat producing province, had been given a production target of 14 million tonnes.



Artiste Zahid Hassan joins hand with Pepsi.

Samad Azad presides over LDCs meet

Foreign Minister Abdus Samad Azad has said that despite continued decline in aid flows and persistent external debt burden, encouraging developments took place in the least developed countries (LDCs) in mid-1990s, reports BSS.

Samad Azad stated this in his opening statement at the seventh annual ministerial meeting of the LDCs held on September 30 at the UN headquarters, a message received from New York said yesterday.

The meeting was addressed by UN Secretary General Kofi Annan, the Secretary General of UNCTAD Rubens Ricopero and Administrator of UNDP James Gustave Speth.

Other institutional representatives including the Chairman of Group of 77 and coordinator of the Non-Aligned Movement (NAM), representatives of the World Bank and World Trade Organization attended the meeting which was chaired by Samad Azad.

Bangladesh is the coordinator of the 48 LDCs.

Chief Whip Abul Hasnat Abdullah, MP, and Whip Abdus Shahid, MP, who are members of Bangladesh delegation to the 52nd session of UN General Assembly attended the meeting. Anwarul Karim Chowdhury, Bangladesh Permanent Representative to the United Nations, acted as Secretary of the meeting.

Major Euro stocks mixed

LONDON, Oct 3: Share prices fell in London Thursday on profit-taking provoked by a hesitant opening on Wall Street, after the Footsie Index hit a record in early trading, says AFP.

The FT Index of 100 leading stocks fell by 21 points or by 0.39 per cent to 5,296.1 points, having reached 5,367.3 points.

Part of the initial rise had been driven by unconfirmed rumours of reforms which would ease taxes on companies. It was suggested technical changes concerning advance tax would be made at the conference of the governing Labour Party in Brighton.

Another rumour suggested that Foreign Secretary Robin Cook, who has taken a sceptical stance towards the single currency, would make a pro-Europe speech.

The bond market remained firm.

The price of shares in British Telecom continued to rise the day after an unexpected and massive bid by Worldcom for MCI, BT's US partner, the market held that failure of the alliance with MCI would release funds which BT might return to shareholders, and the shares rose by 17 pence to 459 pence.

Concern about the British defence budget set GKN back by 38.0 pence to 1,353 and Rolls-Royce by 10.0 to 243.

Barclays Bank rose by 25.0 to 1,747 on rumours that it might sell BZW and Natwest rose by 33.0 to 986.0 on hopes that it, too, might, sell its investment bank.

In Frankfurt, stocks surged by 1.83 per cent on strength of the dollar and gains on Wall Street and rose above 4,200 points for the first time since August 21 to close at 4,273.71 points on the Dax Index.

Trading was thin because Friday is a holiday in Germany marking the 1990 reunification.

Sachsenring, which once produced the much-mocked Trabant car in eastern Germany and has switched into supplying the auto industry, closed with a gain of 15.6 per cent on the issue price to 28.90 marks on the first day it was quoted on the market for innovative companies.

Mannesmann, which had fallen by 3.6 per cent on Wednesday, rose by 23.70 to 835.0. The group has called a telephone conference of investors to clarify rumours about the price of connections between its mobile telephone network and that of Deutsche Telekom.

Deutsche Telekom rose by 0.30 to 35.30 in line with other telecommunications stocks.

RWE rose by 1.95 to 87.50, Viag by 25.50 to 821.0, Vebe by 4.15 to 108.50 and Thyssen by 5.0 to 419.50, Siemens by 1.15 to 120.25 and Preussag by 12.0 to 500.

Commerzbank rose by 1.70 to 65.80, Dresdner Bank by 1.0 to 83.60, Hypo-Bank by 3.45 to 80.30 and Vereinsbank by 5.10 to 108.30. Deutsche Bank fell by 0.90 to 126.0.

Allianz Insurance rose by 11.50 to 442.50 and Munich by 23.50 to 621.50.

Daimler-Benz fell by 0.25 to 145.35 but BMW was unchanged at 1,497, Volkswagen rose by 31.0 to 1,260.

In the chemicals sector, BASF by 1.15 to 72.25, Hoechst by 0.50 to 79.70 and Schering Pharmaceuticals by 4.20 to 188.50. Lufthansa rose by 1.15 to 36.90.

In Paris, prices slipped by 0.09 per cent after three sessions of strong rises, and in response to a fall of the dollar.