

New CSE building opens today

Amir Khosru Mahamud Chowdhury, President of Chittagong Stock Exchange, will officially inaugurate the new CSE building at Agrabad commercial area in Chittagong today, says a press release.

Floor trading will also start today at the building, constructed on CSE's own land.

On the occasion CSE President will meet with the local journalists at a press conference.

3 lakh MT of grain sanctioned for rural projects

The government has sanctioned 2.66 lakh metric tons rice and wheat for implementing rural infrastructure renovation and maintenance projects in different parts of the country, reports UNB.

The foodgrains were sanctioned by the disaster and relief ministry from the budget for fiscal 1997-98 at the instruction of the prime minister, said an official handout Thursday.

Of the foodgrains, 96,000 MT will be spent through MPs. The remaining 1.70 lakh MT will be distributed on the basis of population.

The 300 directed elected MPs will get 300 MTs of foodgrains each for their constituencies. Women MPs in 30 reserved seats of parliament will receive 200 MTs foodgrains.

The woman MPs will also be involved in project formulation and implementation by utilizing 10 per cent of thana-wise allocation of foodgrains to the distressed people.

These projects, the handout said, will help alleviate poverty through employment generation and keep stable prices of foodgrains alongside rural infrastructure development.

ADB okays \$105m to Vietnam

MANILA, Oct 24: The Asian Development Bank (ADB) said here yesterday that it has approved a 105-million-dollar loan to Vietnam to improve rural infrastructure, says AFP.

The loan will go to build 1,500 kilometers (937 miles) of roads, improve irrigation and drainage and provide 500 villages with potable water in poverty-stricken regions of north and central coastal regions, the Manila-based ADB said in a statement.

The project intends to give the people the infrastructure necessary to improve their productivity and standard of living, the Manila-based ADB said.

The ADB also said it was extending two loans totalling eight million dollars as well as a 500,000-dollar grant to Bhutan to help the development of the private sector in that country.

VARIG joins Star Alliance

RIO DE JANEIRO, Oct 24: Air Canada, Lufthansa German Airlines, SAS-Scandinavian Airlines System, Thai Airways International and United Airlines Wednesday welcome VARIG Brazilian airlines to the Star Alliance family, according to a press release.

With flights to every major destination in South America, VARIG opens up an entire continent to Star Alliance customers, providing increased global recognition and a wide range of other benefits.

Beginning October 26, VARIG frequent flyers will be able to accumulate and redeem mileage points whenever they fly on any scheduled flight operated by any Star Alliance airline. Likewise, members of any Star Alliance frequent flyer programme will be able to accumulate and redeem mileage points on all scheduled flights operated by VARIG. Mileage points accumulated on Star Alliance flights qualify toward elite-level status in the frequent flyer programme of a traveler's choice.

Qualified passengers will now enjoy access to over 185 Star Alliance airport lounges around the world. With the addition of VARIG no other airline or airline group offers the scope of elite-level mileage benefits or lounge access available to Star Alliance customers.

VARIG will participate in the introduction of further customer benefits, including simplified ticketing and reservations, more convenient connections and through check-in, and better baggage and ground services.

Lamar Durrett, President and Chief Executive Officer of Air Canada; Gerald Greenwald, Chairman and Chief Executive Officer of United Airlines; Jan Stenberg, President and Chief Executive Officer of SAS; Thannoon Wanglee, President of Thai; and Jorgen Weber, Chairman and Chief Executive Officer of Lufthansa, said in a joint statement, "VARIG is Latin America's oldest and best known airline, and flies to every major destination in South America. We are delighted that VARIG is joining the Star Alliance network. Today, we are delivering a continent to our customers."

\$ 2.4b FDI likely within 5 yrs: WB

By Rafiq Hasan

Bangladesh has created the ground for attracting substantial amount of foreign direct investment (FDI) and may receive around 2.4 billion dollars within the next five years, says a World Bank report.

In the report, Bangladesh — Annual Economic Update 97, the Bank says the scope for drawing FDI in the country has been created following new developments in oil, gas, power and telecommunications sectors.

According to the Bank's estimate, 350 million US dollars may land in EPZs, 550 million dollars in oil and gas, 1000 million dollars in power generation and 475 million in telecommunications sectors.

The estimate was made on the basis of data provided by Board of Investment, Bangladesh Export Processing Zones Authority, Ministry of Energy and Foreign Investors Chamber of Commerce and Industry.

During the previous fiscal years from 1985 to 1997, the country received a total of 1.7 billion US dollars as FDI. The break-up is: 210 million in EPZs, 201 million in oil and gas, 531.5 million in Karnaphuli Fertilizer Company, 100 million in telecommunications and 134 million in other sectors.

The Bank, comparing with the neighbouring countries,

gives a dismal picture of Bangladesh's performance in attracting private capital in the previous years.

India, Pakistan and Sri Lanka experienced a remarkable progress in receiving private capital.

The flow of capital into the developing countries reached a height of around 244 billion dollars in 1996 from 44 billion in 1990.

Though the South Asian region received the capital-flow in the three main areas — portfolio investment, commercial borrowings and foreign direct investment, Bangladesh mainly found the flow in FDI, the report says.

UK help sought to control coffee pest in India

NEW DELHI, Oct 24: British scientists may help Indian farmers control a pesky beetle that could wipe out coffee plantations in southern India, a newspaper reported Friday, reports AP.

The white stem borer beetle is marching across 145,000-hectare (358,000 acres) of Arabica coffee plantations in the states of Tamil Nadu, Kerala and Karnataka, the Business Line newspaper reported. Infected plants die in a few years.

Scientists have urged farmers to spray chemicals, raise the plants in shade since the bug loves sunshine and use hormone traps to lure the insects. But few farmers have heeded the advice, leading to the rapid spread of the disease, it said.

The scientists have sought the help of experts at the Natural Resource Institute in Britain to combat the menace, it said. The newspaper did not give details.

Arabica coffee production this year is expected to touch 104,000 tons this year, about 10,000 tons more than last year. It accounts for about 44 per cent of all the coffee grown in the country.

\$9m Pak project for hilly areas finalised

ISLAMABAD, Oct 24: The Pakistan government has finalised a seven-year development project with a cost of 360 million rupees (about nine million US dollars) for the country's hilly areas, officials said here, reports Xinhua.

The multi-sectoral project sponsored by the European Union, will be started as soon as the funds are released by the donor, the officials said.

The project aims to improve agriculture, horticulture, forestry, livestock, wildlife, soil conservation and control of landslides in selected hilly areas including the summer resort of Murree, about 150 km east of Islamabad, they said.

China's economy grows 9 pc

BEIJING, Oct 24: China's economy grew nine per cent in the first nine months of the year, retarded by a drop-off in growth of township enterprises and the start of major state-sector restructuring, analysts said, reports AFP.

Gross domestic product (GDP) totalled 5.115 trillion yuan (616 billion dollars) between January and September, up 9.0 per cent over the same 1996 period, the State Statistics Bureau (SSB) said.

"In the first quarter, growth was 9.4 per cent, it rose to 9.5 per cent in the first half and then fell to 9.0 per cent in the first three quarters," said SSB chief economist Qiu Xiaohua.

"So growth for the third quarter itself was around eight per cent, but annual growth will not be lower than nine per cent," he added.

Chinese Premier Li Peng set an eight per cent economic growth target at the start of 1997, and the SSB earlier boosted this to 10 per cent annual growth, based on first half indicators.

"One of the main reasons for the slowing down in economic growth is the state of collective and township enterprises," said SSB spokesman Ye Zhen.

"The market is shifting from a seller's market to a buyer's market, so these companies are facing competition and they are also having to bear the cost of strict anti-pollution regulations," he added.

Massive state restructuring also took its toll with 783 state companies closed or merged in the first seven months, compared to 1,000 for the whole of 1996.

15-year master plan to improve Ctg Port facilities

CHITTAGONG, Oct 24: Chittagong Port Authority (CPA) has taken up a master plan to improve its infrastructural and other related facilities within 15 years, officials said here today.

Talking to BSS, the CPA officials said the master plan will cover extension of container terminal, improvement of jetty, construction of year and procurement of equipment for general cargo and container handling.

The gradual implementation of the master plan would help the port users a lot and ease congestion at the country's main sea-port, they said.

The officials said the CPA has taken up three projects, under the master plan, with an estimated cost of Taka 1030 crore from own resources to complete those by the year 2000.

The projects are procurement of high power tug (3000-3200 BHP), construction of container terminal at new mooring and procurement of container handling equipment with gantry crane.

The high power tug procurement project with an estimated cost of Taka 23.47 crore, has been approved by the pre-ECNEC committee on October 10 and it would be placed before the ECNEC for approval.

The CPA took the project to maintain security in berthing ships at jetty, assist the in-coming ships at outer anchorage and on way to the jetty, protect oil-pollution and to combat fire.

The CPA at present has a fleet of tugs upto a maximum of 2250 BHP, which is inadequate as the operation in the port are increasing significantly, the officials said.

The 600 metre container terminal at new mooring will be constructed by CPA from its own resources. A sum of Taka 702 crore has been earmarked for the project, which is awaiting ECNEC approval.

The CPA has taken up the project to meet the growing demand of container handling as well as to avoid the congestion of containers at the port.

The officials said on completion of the projects three more feeder ships or two more big container ships could be berthed at a time in the 600 metre terminal, which would be equipped with modern handling equipment.

When completed the new mooring container terminal (NCT) project would be able to handle nearly two lakh units of container per year, the officials hoped.

The existing 450-metre Chittagong container terminal (CCT) can handle around two lakh container units per year.

The Taka 305 crore container handling equipment project, on its completion will provide with modern handling facilities as the number of incoming vessels is increasing day by day.

The equipment includes straddle carrier, tractors, fork-lift trucks, trailer and container mover.

Bid to lower trade surplus

China to buy wheat from US

BEIJING, Oct 24: A top-level Chinese buying mission now in the United States will buy a huge consignment of wheat in a bid to lower Washington's massive trade deficit with Beijing, reports said today, reports AFP.

"We are going to make an order for 700,000 tonnes of US wheat," said Zeng Peiyuan, Vice Chairman of the State Planning Commission, who is leading the buying mission ahead of President Jiang Zemin's state visit.

"This move shows that China has been taking active measures to solve the trade deficit problem and we want the US side to understand this practical attitude on the Chinese part," he told Xinhua during a media briefing in New York.

According to US figures, the Sino-US trade deficit rose 15 per cent for the second consecutive year in 1996 to a record 39.5 billion dollars.

In the first eight months of this year, the gap reached 31 billion dollars against 24.2 billion a year earlier, and is now approaching the size of trade deficit with Japan which was 56 billion dollars last year.

While China disputes the size of the deficit, it recognises the gap and has called on the United States to lift sanctions on the import of nuclear power technology in order to boost US exports.

But the United States insists the deficit is caused by China's closed service sectors and is calling for market opening in finance, insurance and distribution networks to work towards a balance.

Plea not to use Indian child labour in Argyle Diamond mine

MELBOURNE, Oct 24: Australia's top union council on Friday urged Western Australian's Argyle Diamond mine to make a commitment not to use Indian child labour in processing its diamonds, says AP.

Argyle is 60 per cent owned by mining giant Rio Tinto, currently at the center of a long-running dispute at its New South Wales Hunter Valley No 1 coal mine.

The Australian Council of Trade Unions said it was concerned that Argyle diamonds were being cut up in India's child labour workshops.

ACTU Assistant Secretary Greg Combet said union concerns were based on information from the International Confederation of Free Trade Unions and the United Alliance of Diamond Workers.

Combet said up to 80,000 children are employed in India's diamond industry, cutting and polishing the stones in appalling working conditions.

Argyle Mines Managing Director Gordon Gilcrest denied the allegations, saying the company only dealt with reputable customers in India.

"There's always a dirty end of businesses but that's not the end we deal with, we deal with the end which is clean and modern factories," Gilcrest told Australian Broadcasting Corp radio.

Gilcrest said Argyle required customers to provide statements saying they did not employ child labour, and checked clients' factories.

"I don't know what more we can really realistically do than that," he said.

Combet conceded, "It's not possible, of course, to find a diamond in the industry in India which has 'Argyle diamond' written on it."

"But estimates in 1996 are that Argyle supplied anything up to about 40 per cent of the diamonds that were being cut and polished in the industry."

He denied that the move was part of a union campaign against Rio Tinto due to industrial trouble over past months.

He said the ACTU was joining an international move against child labour.

"It just so happens that Rio Tinto is a company that in other fields... we have some difficulties with."

"We'd welcome an assurance from (the company) that they were confident that no Argyle diamonds are indeed being handled by child labour," he said.

Combet said Argyle had indicated its confidence that its "direct customers" were not engaging child labour.

But the industry may have a series of intermediaries where the product may be passed on and other workplaces are performing the work," he said.

Rejoinder

In a rejoinder to the news item published in The Daily Star's October 6 issue under heading Lack of fund to buy jute — Mills in Khulna facing closure, Bangladesh Jute Mills Corporation says adequate fund has been given to the jute purchase centres of all mills under Khulna Zone.

According to the BJMC statement, the mills have already purchased 21,14,545 maunds of raw jute till October 6, that is 67 per cent of the actual consumption.

US doesn't okay Turkey's pipeline thru Iran

WASHINGTON, Oct 24: The United States might impose sanctions on a gas pipeline project that will permit Turkey to purchase gas from Turkmenistan via a pipeline across Iran if it is found to benefit Iran, Undersecretary of State Stuart Eizenstat said on Thursday, reports Reuter.

"Should we find evidence of investment activity which could enhance Iran's ability to develop its down petroleum resources, (we) will take appropriate action under ILSA," he said referring to the 1996 Iran-Libya sanctions act.

The act mandates sanctions against companies investing more than 20 million US dollars a year in Iran's energy sector.

Eizenstat noted that in July, the administration informed congress that Turkey's gas pipeline plans "do not appear to constitute sanctionable activity under ILSA."

But Eizenstat said this announcement "has been widely misinterpreted to mean that the US has approved a pipeline across Iran. This is definitely not the case."

Although the United States regards Turkey's decision to purchase gas from Turkmenistan rather than Iran a positive development "we do not support any pipeline through Iran. Carrying either Iranian oil and gas to western markets or that of any other country," he insisted.



Pay just one taka, you get your old 100-taka bundle changed. If the notes are torn, you need to spend five takas for each Tk 100 to get new ones. There are 50 such outlets in Gulistan. — Star photo by AKM Mohsin

Asian stocks : HK market crawls back upward

HONG KONG, Oct 24: Hong Kong's battered stock market crawled back upward in early trading Friday after the previous day's record fall caused a chain-reaction of sell-offs in markets around the world, says AP.

Tokyo also began to recover, but other Asian markets tumbled with investors still feeling jittery from Thursday's massive plunge in Hong Kong and subsequent declines throughout Asia, Europe and North America.

The Hang Seng blue-chip index opened down 1.9 per cent Friday and then bounced several times before beginning a slow climb upward. After nearly two hours of trading it had recovered to 10,980.13 points, up 553.83 points from Thursday night's close.

The gain amounted to 5.31 per cent, but still left the index well below its level before the

debacle. It came despite continued worries about the government's ability to defend the currency against speculators.

"We've rallied and the market is a bit choppy here but it seems to be holding the higher ground," Howard Gorges of the South China Brokerage said on Hong Kong radio.

Thursday's crash was Hong Kong's worst since the 1980s, with the Hang Seng losing 10.4 per cent to expand its drop for the week to 23 per cent.

The fall triggered a worldwide sell-off that some investors and traders worried could continue Friday.

Overnight on Wall Street, the Dow Jones industrial average fell 186.88 points to 7,847.77 after twice falling to a deficit of nearly 230 points during the afternoon.

Overnight interest rates have dropped sharply so the in-

terest rate pressure on the market is much reduced, but of course the situation is still uncertain," he said.

Analysts said Hong Kong stocks were being helped by a drop in the price banks charge each other for overnight loans, which rose to 300 per cent Thursday as the government sought to defend the Hong Kong dollar. The interest rate inched back down to 70 per cent early Friday.

Hong Kong authorities have vowed to staunchly defend their currency's link to the US dollar, but investors clearly had doubts.

Nothing happened overnight to encourage people back, and fear is extremely strong about the government dropping the peg," Kent Rossiter, senior institutional sales manager at Nikko Securities Co. (Asia) Ltd, said before trading began.

Moving to euro means short-term pain, but long-term gain

EINDHOVEN, Netherlands, Oct 24: When the European Union starts junking most national currencies a little over a year and replacing them with something called the euro, only one thing is certain — it will cost a fortune, reports AP.

It will cost governments. It will cost manufacturers. It will cost retailers. It will cost banks. In one way or another, just about everybody will pay a price. How much, however, is anybody's guess, and some companies seem to be putting off thinking about the change for as long as possible.

Others, though, are trying to figure out now what they are going to do when up to a dozen of the EU's 15 countries join in a European Monetary Union, using the same new notes and coins.

Philips, the Dutch-based multinational giant with 35 billion dollars in sales and 260,000 employees, is one of the European companies in the forefront of preparing for the transformation. It started the process in late 1994 and now has 35 working groups involving about 250 people under a steering committee of 35 senior managers.

Philips will have its own internal Big Bang January 1, 1999: All administration will be in euros, intercompany transactions will be in euros, the annual report will be in euros, quarterly figures will be released in euros, stock prices will be listed in euros and dividends will be paid in euros.

"We may have a more gradual approach in selling products in euros," said Tom Ruhe, director of the Euro Project at Philips. "That will depend on business strategies still to be defined."

How much will it all cost Philips? "We simply anticipate that it will be a huge cost," said Ruhe. "You have to do the analysis. Then you have to develop an implementation plan. Then you have to implement. Only then will we know what the real costs are."

And that can be done only after you know which countries will meet the criteria for joining the monetary union.

Under the current timetable, the euro will come into being Jan 1, 1999. That will launch a three-year conversion period

which will include the introduction of euro notes and coins by Jan. 1, 2002, and a final withdrawal of national currency from circulation by July 1, 2002.

Some companies have been reluctant to get started because of a perception that the single currency may never get off the ground, or uncertainty about who will be in. One EU survey shows only 12 per cent of small companies have started thinking about the conversion, and many multinationals are still unprepared.

Nonetheless, there now seems to be little doubt that the single currency is unstoppable.

"The shop around the corner might want to postpone the issue until further notice, but for large companies, you don't have the time," Ruhe said in an interview at Philips headquarters here.

Philips and others believe moving to the euro means short-term pain, but long-term gain.

That means companies must devise accounting and computer systems to deal with both currencies, a large investment for only three years. Some suppliers will bill in euros, others in national currencies. Customers will pay in whatever suits them.

This will be especially difficult in retailing: Dual pricing, two-cash drawers, training of staff and rounding off price differences.

The Dutch grocery chain Royal Ahold estimates the cost of its changeover at between 1 per cent and 1.8 per cent of its annual sales.

Popping up in the middle of this adaptation will be the millennium problem — a massive computer programming glitch caused by two-digit references to years when the world goes from 99 to 00 in the year 2000. Many computers will read 00 as 1900, causing endless problems in computer applications.

"We need a lot of programmers next year in a very short period of time to make the necessary changes," said Ruhe. "We are piggybacking on the millennium issue, trying to combine the projects in terms of co-

ordination."

Long-term gain: The elimination of foreign exchange, simplification of administration and improvements in cash management. This should cut overall costs in the long run.

Additionally, the increased stability of a single currency will make Europe more attractive for investors, which in turn should create jobs.

The euro is not a financial issue. It is not an information technology issue. It's a marketing issue," said Ruhe. "And the more we look into the euro the more we are convinced it is a psychological thing to be addressed."

E Leclerc, the French retailer with more than 500 stores, conducted a countrywide survey last year that concurs.

"The main handicap is psychological," the study said. "The consumer sees that the new money is going to disrupt his daily life. He is ready to make an effort to adapt, but he must see the concrete advantages."

had mixed feelings about the euro, 27 per cent defined themselves as "euro-enthusiasts," and 17 per cent opposed it.

One of the biggest problems, Leclerc said, would be the difficulties cashiers will have dealing with questions and fears expressed by customers.

"I think a number of companies are underestimating the cost involved in training and communications, which comes on top of information technology costs," said Ruhe.

Nonetheless, changeover to the euro provides a golden opportunity for rethinking fundamentals, he says.

Instead of selling in a dozen different countries under different conditions, companies can think in terms of pan-European marketing.

"That means as a large company, you have to start thinking about the implications for your pricing, or your packaging, even the quality of your products, the pack size, private brands or labels versus European brands."

"It may result in a completely different kind of marketing."



A woman belonging to a group of debtors protesting banks measures and interest rates set on what they owe, is carried away in front of the National Palace in Mexico City on Thursday. —AP/UNB photo