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THURSDAY, DECEMBER 13, 1997

US investors see vast scope for investment in Bangladesh

An American investors' team met key government ministers and local businessmen yesterday in a bid to explore investment opportunities, focusing on energy, industry and financial sectors, reports UNB.

The 19-member US business delegation flew in to Dhaka from Calcutta after attending an investment conference in the Indian city with the objective to look at the potentials in this part of the sub-continent.

The closed-door meeting between four ministers and the investors' team at a local hotel lasted about two-and-a-half hours and both the sides have appeared to be fully satisfied with the outcome.

"We are most satisfied with the discussions," said Frank G

Wisner, Vice-Chairman of the American International Group (AIG), who led the American team, considered as the most powerful one in several years in Bangladesh.

Finance Minister Shah AMS Kibria, Commerce and Industries Minister Tofael Ahmed, Energy Minister Muhammad Noor Uddin Khan and State Minister for Planning Dr. Mo-hiuddin Khan Alamgir made up the government side at the meeting.

Besides, Executive Chairman of the Board of Investment (BOI) Farooq Sobhan and the FBCCI president joined the ministers to explain the government's economic policies and business opportunities in Bangladesh.

US Ambassador to Bangladesh John C. Holzman and American Chamber of Commerce in Bangladesh (AmCham) president Forrest E. Cookson assisted the US team in the meeting, which followed another round of talks with business leaders in the afternoon.

The ministers and the investors, who spoke to UNB at the end of the meeting, were of the view that Bangladesh has the potential to absorb a large amount of foreign private investment in many of its prospective sectors.

"The American investors have expressed their keen interest" to invest in various sectors in Bangladesh, said Kibria, who explained the government

policies and incentives for foreign private investment.

Tofael Ahmed said in the meeting that the government has created an atmosphere conducive to large-scale foreign investment in order to ensure economic emancipation of the country's millions of people.

"We told them that we are eagerly waiting that the foreign investors would come in a bigger way... the investors, who included some major US companies, were very happy seeing the situation here," he said.

The FBCCI chief said the discussion took place mainly on the infrastructures which include oil and gas, industry, and the capital and financial market.

Human development Proshika trains 25 lakh people

Over 25 lakh people of the country were imparted formal and non-formal human development and practical skill training by Proshika during last two decades, reports BSS.

According to the annual report released here yesterday, the organisation provided training facilities to nearly 4.51 lakh people including over three lakh women during 1996-97 fiscal year under its various training programmes.

During the year, Proshika arranged 15,235 human development training (HDT) courses and 3,846 practical skill development training (PSDT) courses covering a wide range of inter-twined social issues and practical skills.

The participants in these training courses include Proshika workers, group members organised by it, group members organised by other non-government organisations and people from different government agencies.

The human development trainings, which aimed at assisting the people, among others, in innovating effective strategies and measures to deal with their own problems and for developing their scientific outlook and analytical skills for comprehending the essence of their problems, are provided on a range of subjects and issues.

According to the report, Proshika Human Development Centre brought 10,166 villages and 654 urban slums under the coverage of its multi-sectoral development initiatives since its inception in 1976.

The organisation, one of the biggest NGOs of the country, so far extended its branches up to 168 urban wards and 1,028 unions of 156 thanas under 48 districts and enrolled nearly 13 lakh people including seven lakh women at the grass root levels across the country.

The NGO so far provided loans to the tune of Taka 3,959 million among 99,969 group members for economic and income generating activities.

It has so far sent up 18,007 adult literacy centres from where three lakh 55 thousand persons graduated with functional literacy skill. Besides, the organisation has set up 4,280 non-formal primary schools where nearly 13 lakh students got the opportunity to study.

The annual budget (96-97) of this 2,988 full time staff member organisation was Taka 2,179 million, the report said.

ROK securities firm goes bankrupt Several Asian currencies hit record low

TOKYO, Dec 12: Several Asian currencies hit record lows, a major South Korean securities firm declared bankruptcy and jittery traders sold off shares in markets across the region Friday, reports AP.

South Korea's financial markets continued to buckle on fears that the country might not be able to meet its foreign debts of 20 billion dollars coming due by year's end.

For the fourth day, the South Korean currency plummeted by its daily permissible trading

limit to 1,891.40 per dollar before bouncing back to close at 1,710 after the central bank intervened by selling dollars.

On Friday, the nation's fourth largest brokerage, Dong-suh Securities Co, was declared bankrupt. On Monday, the nation's eight largest securities firms, also collapsed under huge debts.

In Jakarta, Indonesia's currency sank 11 per cent to hit a record low Friday after the government announced that President Suharto would cancel a trip to a regional summit in

Malaysia because of health problems.

The rupiah plunged to 5,165 to one US dollar while the Jakarta Stock Exchange's main index dropped eight per cent and touched a four-year low of 358,254 points.

The run on the won pushed down the Philippine peso, which fell four per cent in one hour Friday to a record low of 37,360 pesos per dollar, triggering a suspension in trading beyond that level for the rest of the day.

Desh Garments announces 10 pc dividend

Star Business Report

Desh Garments Ltd announced a 10 per cent dividend at its 20th annual general meeting (AGM) held at a city hotel on Thursday.

Noorul Quader, Chairman of the Board of Directors, presided over the AGM, says a press release.

The meeting approved the proceedings of the 19th annual general meeting and the audited accounts of the company for the year 1996-97.

The directors mentioned in the report that all long-term loans of the company had been fully liquidated.

Workshop on time management ends at BIBM

Star Business Report

A two-day workshop on 'Time Management' conducted by Bangladesh Institute of Bank Management (BIBM) was concluded on Thursday, says a press release.

The workshop was arranged with a view to developing knowledge about utilisation of time in an effective manner and growing skill about the techniques of managing time.

ATM Abdus Shahid, Senior Faculty Member and main coordinator of the workshop, distributed certificates among participants. Abul Bashar, co-ordinator of the workshop also spoke on the occasion.

The workshop mainly dealt with time management and managerial effectiveness, time planning and control, time analysis techniques, time and delegation of authority and time management and decision making.

A total of 29 executives of different banks and financial institutions participated in the workshop.

Influx of mystery banknotes

Afghan currency tumbles

KABUL, Dec 12: Afghanistan's currency, the Afghani, is tumbling in value after an influx of mystery new banknotes flooded the Taliban-held capital, money traders told AFP.

In less than a week, the Afghani has plunged from 24,000 to 28,500 to the US dollar, sparking fears of a total collapse and increased hardships in the war-shattered capital as winter looms.

Throughout the year, the Afghani remained stable at between 20,000 and 22,000 to the greenback, but traders are now puzzled over who is printing bundles of crisp new banknotes.

"The notes used to be printed by the former regime, but these are reports the Taliban are now also printing," said Ohammad Haidari, a dealer in Kabul's bustling but bombed-out money market.

He said confidence in the currency is falling as Taliban administered ministries in the capital have begun paying their staff with fresh bank notes delivered in freshly sealed plastic wrapping.

Economic return from Jamuna bridge looks bright

The economic rate of return (ERR) from the Jamuna Multipurpose Bridge (JMB) may stand at 22 per cent due to its earnings as a facility provider for traffic movement, railway, power, gas and telecommunications.

The bridge is expected to be formally opened in June next.

A senior official of Jamuna Multipurpose Bridge Authority (JMBA) told BSS yesterday that the feasibility studies of the project had indeed shown a healthy rate of return. The World Bank has estimated the return as 15.9 per cent while Bangladeshi economists calculated the same as 22 per cent.

"It will not only pay off all its foreign debts with interest by the year 2033, but also earn an impressive net income," he said, adding the co-financiers of the project — World Bank (WB), Asian Development Bank (ADB) and Overseas Economic Coop-

eration Fund (OECF) of Japan have been providing 600 million dollars credit to construct the 800 million dollars bridge.

According to a WB study report based on the anticipated daily traffic demand and its earnings as a facility provider for railway, power, gas and telecommunications, the project's economic viability has improved from 14.5 per cent to 15.9 per cent at present and it might go up further.

The report said "taking into account the cost increase, traffic and energy sector benefits and change in disbursement profile, the ERR of the project is re-estimated and the result indicated that the impact of the cost increase on the project's ERR is minimal." The revised base-case ERR, with the original benefits and the new cost and disbursement profile, is 14.9 per cent, compared to 14.5 per cent at appraisal, it added.

Regarding traffic benefits,

considering the traffic growth rates for the period of 1993 to 1997, the report said the projected average daily traffic in the opening year of the bridge (1998) has increased from 1630 vehicles to 1750. The increased traffic benefits have raised the ERR by 0.6 per cent.

Highlighting the energy sector benefits, the report said, Bangladesh Power Development Board would have to construct a stand-alone power interconnector across Jamuna to carry power from east to west, at a cost of about 114 million dollars during 1998-2000 if the Jamuna Bridge was not built. Whereas the bridge would serve the purpose at a cost of only six million dollars approximately.

This additional savings (assumed to be spread over 1998-2000) have been included in the revised project benefits and the resulting ERR is increased by about 0.8 per cent, the report added.

Three-day summit begins tomorrow ASEAN leaders facing some cold, hard realities

KUALA LUMPUR, Dec 12: Asian leaders, who helped foster rapid growth with a philosophy of cooperations without interference in each other's affairs, are facing some cold, hard realities, report AP.

When the heads of the nine-nation Association of South East Asian Nations meet for three days starting Sunday, it will be against a backdrop of currency crises and stock market turmoil that have swept the region in recent months.

This was supposed to be a celebration of ASEAN's first 30 years, in informal, "commemorative" summit to look back at the progress made and ahead to how to maintain the growing

wealth and influence that the countries have amassed.

Instead, with South Korea, Japan and China joining in, they will be aiming to put on a united front to calm the concerns of investors who have suddenly backed off from the "Asian tigers."

More than 1,000 diplomats and other officials are expected from the 12 nations. Many of the same leaders attended the Asia Pacific Economic Cooperation summit in Vancouver just three weeks ago, where the economic flu also headed the agenda.

"Three or four months ago I thought it would drive us apart, that ASEAN nations would

adopt more unilateral attitudes and approaches," said Suk-humbhand Paribatra, Thailand's deputy minister of foreign affairs.

"But I was happy to see in Vancouver a reawakening of the ASEAN spirit. I believe this will continue through the upcoming summit. In fact, the economic crisis has brought us closer together."

The question is: How close will that be? When ASEAN finance ministers, central bank officials and other economic leaders met in Kuala Lumpur two weeks ago, they agreed to set up a surveillance body that will try to act as an early-warning system to nip future troubles in the bud.



Finn Thilstet, the Danish Ambassador to Bangladesh, speaks Thursday at a trainers' conference organised by the Bangladesh Council of the International Confederation of Free Trade Unions in collaboration with a Danish workers' group.

Mahathir asks private cos to slash salaries

KUALA LUMPUR, Dec 12: Malaysian Prime Minister Mahathir Mohamad chided private companies Friday for paying executives "unreasonably exorbitant" salaries and urged them to follow his government's austerity drive by trimming pay, reports AP.

Mahathir said the salaries of company heads, who have earned salaries of up to triple the "normal" rate in recent years, should be cut to a level commensurate with profit results and production costs, according to Bernama news agency.

In Malaysia, senior government officials take home monthly pay of about 10,000 ringgit (2,700 dollars) — roughly equal to the amount a junior executive in Malaysian companies receive.

"One reason for a company's high operating costs is excessive salaries for top-and-middle-level staff like engineers fresh from university," Mahathir told reporters at the Kuala Lumpur airport after returning from an Islamic summit in Tehran.

Deputy Prime Minister Anwar Ibrahim told Parliament Monday that salaries of Cabinet ministers and senior government officials would be cut by 10 per cent and raises of lower-paid bureaucrats would be frozen as of January 1. He also urged the private sector to adopt similar measures.

The cutbacks are part of austerity measures to avoid further declines in the nation's battered currency and stock markets.

Amazing Thailand '98-99 Thai Air's offer to Star Alliance passengers

Thai Airways International Plc. is planning a series of marketing measures to build upon the global distribution network of the Star Alliance, an integrated worldwide air transportation network, for the promotion of national tourism campaign Amazing Thailand 1998-99.

Among those who will be able to take advantage of this promotional campaign are Star Alliance passengers, says a press release.

They have choice of being transported to Thailand on Thai's partner air carriers with the added benefit of accumulation and redemption of mileage points across a wide range of partner frequent flyer programmes.

Star Alliance passengers can experience first hand Amazing Thailand while traveling in the comfort and convenience of a global airline network — the Star Alliance.

A passenger whose travel originates from Geneva would be able to fly from Geneva and have his baggage checked through from Geneva to Bangkok, his final destination. He would be able to fly from Geneva to Frankfurt on board Lufthansa and connect to the Thai flight from Frankfurt to Bangkok, which departs daily. Therefore, mileage earned on a Thai or Lufthansa flight could, in future, be redeemed for an award with any other Thai's partner airline.

"As a founding member of the Star Alliance family, it is appropriate that we should utilize the full marketing and distribution power of the alliance to attract more visitors and business travelers as well as convention delegates into the country," said Thai's President Thammoo Wanglee.

Asian stock markets close sharply lower

HONG KONG, Dec 12: Asian stock markets closed mostly sharply lower Friday, with the key index in Seoul tumbling to a 10-year low, reports AP.

The benchmark Korea Composite Index fell seven per cent, or 26.69 points, to 350.68. It was the index's lowest level since April 29, 1987, when it stood at 349.49.

Shares of Dongshuh Securities Co. were suspended Friday on the Seoul Stock Exchange on news of the brokerage house's financial troubles, which renewed fears that more companies may go bankrupt in South Korea.

Meanwhile, the South Korean won ended slightly higher on repeated interventions by the central Bank of Korea, halting the won's recent sharp fall against the US currency.

The dollar closed at 1,710 won Friday, compared with the previous day's 1,719.80 won.

Indonesian shares also tumbled following news that President Suharto won't attend next week's Asean Summit in Kuala Lumpur on the advice of his doctors. The Jakarta Stock Exchange's Composite Index fell 8 per cent, or 30,255 points, to 365,853 points.

In Tokyo, the 225-issue Nikkei Stock Average lost 145.85 points, or 0.91 per cent, closing the week at 15,904.30 points.

The Nikkei average now has fallen a total of 782.21 points in three days, including a 427.97-point drop, or 2.60 per cent, on Thursday.

The Nikkei average last close below 16,000 points on November 25, when it finished at 15,867.52 points.

The ruling Liberal Democratic Party is to formally announce a package of measures next Tuesday to strengthen the nation's weak economy, but investors had low expectations for the proposals, traders said.

In currency trading, the dollar was quoted at 129.77 yen at late afternoon, up 0.44 yen from late Thursday in Tokyo and slightly above its late New York level of 129.75 yen overnight.

BANGKOK: Thai share prices ended slightly lower as investors dumped shares in reaction to the Thai currency falling further to 50 baht to the dollar. The Stock Exchange of Thailand (SET) index fell 3.12 points to 368.83.

HONG KONG: Share prices closed higher, boosted by easing money market rates and bargain hunting after the key index tumbled 5.5 per cent the day before. The Hang Seng Index rose 194.44 points, or 1.9 per cent, closing at 10,614.66.

TAIPEI: Share prices closed higher, with investors putting aside worries about South Korea's financial turmoil and declines in overseas markets. The market's Weighted Stock Index rose 127.69 points, or 1.54 per cent, to 8,398.27.

WELLINGTON: New Zealand share prices closed lower. The NZSE-40 capital index fell 35.15 points, or 1.5 per cent, to 2,330.92.

SYDNEY: Australian shares closed lower, unable to pull out of negative territory as investors sold resource stocks on the back of weak metals prices and volatility on Asian stock exchanges. The All Ordinaries index fell 22.8 points to 2,494.0.

KUALA LUMPUR: Malaysian shares closed lower, pushed down by declines in other regional bourses. The Composite Index, which tracks 100 blue-chip stocks, fell 14.26 points, or 2.44 per cent, to 574.92.

SINGAPORE: Share prices closed lower. The key Straits Times Industrials Index fell 1.9 per cent, or 31.30 points, to 1,632.98.

Lanka preparing to emerge as a gateway economy

NEW DELHI, Dec 11: Sri Lanka is preparing to emerge as an important gateway economy that would capitalise on India's big market rather than feel apprehensive about it, the country's Minister of Internal and International Trade Kingsley T. Wickramaratne has said.

"We want to recreate conditions that existed 50 years ago when the whole subcontinent was one market and Sri Lanka its shipping hub," Wickramaratne said. "We are currently working on developing infrastructure to emerge as a gateway economy."

Wickramaratne was here to attend the 1997 India Economic Summit hosted jointly by the World Economic Forum and the Confederation of Indian Industry, a premier body of Indian

industry. Wickramaratne had a refreshingly different view of India's market size, which has traditionally caused anxiety among its smaller neighbours. "For a gateway economy to flourish it is important that a small country has a big neighbour. Hong Kong could not have happened without China and Singapore could not have happened without Malaysia and Indonesia," Wickramaratne told India Abroad News Service in an interview.

"We believe that size is no longer the deciding factor in how smaller countries do economically. Sri Lanka will be a gateway economy to the South Asian subcontinent and Mauritius to Africa."

He said as part of the plans

to emerge as a gateway economy that would also serve as the financial and shipping centre, Sri Lanka was creating infrastructure such as ports, communications and roads. He said Sri Lanka would have the largest container port next to Singapore by 2003 as part of this plan.

Asked how the 14-year-old ethnic conflict would affect Sri Lanka's future plans, he said, "Economics will bypass a lot of these issues. We are talking in terms of South Asia being a single market which would eventually have a visa-free movement of people. The question of a separate homeland will become redundant then."

He said politicians in the region had the vision to make

this happen, but "very often bureaucrats are proving to be the biggest non-tariff barrier." Wickramaratne said the deadline of putting a South Asian Free Trade Area (SAFTA) in place was achievable as long as politicians asserted this vision. In this context he said India was very serious about turning South Asia into a powerful economic bloc.

He said it was crucial that the South Asian countries put its free trading mechanism in place before the World Trade Organisation (WTO) stabilised. "The WTO is the first rule-based international trading organisation. Once it settles down with its rules regions would have problems creating blocs that

suit them. I think we must put a SAFTA in place before that happens," he said.

Wickramaratne said the informal economy of the South Asia was growing at a rate of seven per cent while the formal economy was growing only at 4.5 per cent. "The key is to remove tariff and non-tariff barriers. This will eliminate smuggling, underinvoicing and overinvoicing and create one of the most powerful single markets of 1.2 billion consumers of which 400 million have the buying power equivalent to European Union. Unlike the West and other developed economies of Asia this region would be an unsaturated marketplace," he said.

On the specific question of the trade imbalance between India and Sri Lanka, which

stood at 328 million dollars in India's favour in 1996, Wickramaratne had different view. "I have had to answer questions in Parliament on this. Japan used to be our biggest source of import. Now it is India but if you look at it carefully the trade imbalance is not all that relevant," he said.

He explained that the bulk of the imports from Japan was vehicles such as cars, motorcycles and so on. "Because of Indo-Japanese joint ventures, a lot of these now come from India. What is important is that while Sri Lankan consumers used to pay 130,000 rupees for a Honda bike, Hero Honda bikes in India are now available to them at 60,000 rupees. This is less than half, which is to our advantage," he said.



Sayed Altaf Hossain of W & W Grains Corporation, local representative of Cargill, accorded a reception to Christopher Gold with Associate Administrator of the US Agriculture Department at Gulshan in the city on Sunday. Among others, US envoy in Bangladesh John C. Holzman was also present on the occasion.