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# The Daily Star BUSINESS

DHAKA MONDAY, DECEMBER 15, 1997

**HYUNDAI**

CARS THAT MAKE SENSE

## Bank holiday

Bangladesh Bank and all scheduled banks will remain closed on Tuesday on the occasion of holy Shab-e-Barat and Victory Day 1997, said a press release, reports UNB.

## Tk 5895m foreign proposals registered with BOI in Oct

Foreign investment proposals with a capital lay-out of Tk 5895.31 million have been registered with the Board of Investment during October this year, BOI sources said, reports BSS.

The proposals included foreign direct investment and projects on joint venture between local and foreign entrepreneurs. The foreign investing countries whose proposals were entered are Austria, India, Korea, the United Kingdom and Hong Kong.

The fields in which the investments have been proposed are basic drugs and pharmaceutical raw materials, textile dyeing and finishing, plastic products, printing ink, knit fabrics, garments accessories, power plant and bottling, packing and marketing of soya bean oil.

After going into full production, these proposed units will produce goods and services valued at Taka 3196 million a year, the sources said.

## ICC okays policies to face 21st century

Star Business Report

The International Chamber of Commerce endorsed last week policies on legal protection on bio-technological inventions, custom modernisation, environmental protection at its Executive Board meeting in Paris, a press release said.

ICC hoped that the proposed policy guidelines would prepare national governments and the private sectors to take up economic challenges of the next century, the statement said.

The Board also approved policies on general usage of International Digital Signature, Commerce, peaceful use of nuclear energy and sustainable development, and cross-border e-organisations.

Mahbubur Rahman, former FBCCI president and a member of ICC Central Board of Governors represented Bangladesh in the meeting.

## Pakistan to issue high-yielding currency bonds

KARACHI, Dec 14: Pakistan will issue three-year foreign currency bonds in the next two weeks to raise about 200 million dollars, Commerce Minister Ishaq Dar said yesterday, reports AFP.

These bonds will have a better yield than other foreign exchange bearer certificates (FEBs) and could be traded on the stock exchange, Dar said.

He did not give the rate of return on the bonds.

Pakistan launched its first foreign currency bond in the form of an FEBC in 1985. It brought in more than 375 million dollars while the second issue in early 1992 could not attract more than 150 million.

The central State Bank of Pakistan allowed overseas investors in May to invest in the bond market provided they use foreign currency.

## Asian financial markets brace for fresh round of volatility

SINGAPORE, Dec 14: Asian financial markets are bracing for a fresh round of volatility with South Korea hard-pressed to preserve its commitment to a painful IMF programme and concern in Indonesia over President Suharto's health, reports AFP.

Fallout from the South Korean financial crisis and domestic worries sent the South Korean won, the Indonesian rupiah, the Thai baht and the Philippine peso to all-time lows last week.

Markets had cheered Thailand's decision to shut down 58 troubled finance firms, as well as Malaysia's austerity measures.

But these were quickly overshadowed by Seoul's desperate calls for an earlier disbursement of funds from a 60 billion-dollar IMF-led package, and a series of downgrades by US ratings agencies of South Korea's foreign currency ratings.

Regional turmoil hit Wall Street shares, which fell over two days, and New York's decline boomeranged on faltering Asian stock markets.

The South Korean won tested its limit low of 1,891.4. Before ending the week on rare central bank intervention at 1,710 against the US dollar, down from 1,229 the previous week. Its stock market plunged to a 10 year-low.

## Last-minute bid to strike compromise deal for Dec 18 poll fails

# Power brokers play DSE game

By Toufique Imrose Khalidi and M Shamsur Rahman

While the bull continues to elude Bangladesh's capital market, Dhaka Stock Exchange brokers will choose this Thursday a new group of councillors who will be burdened with the task of getting business out of the bear's grip.

The indicators have kept plummeting, but electioneering, which has outshone anything else on the Dhaka bourse for the past few weeks, has brought senior politicians and power brokers into the play.

Myriad factions have entered into marriages of convenience to form two groups -- one led by Khwaja Abdul Quddus, DSE chairman in 1992, and another by Rakibur Rahman -- ahead of the elections for 12 positions on the 18-seat Council. The rest six are ex-officio members -- the FBCCI chief, the MCCI chief, a joint secretary at the Banking Division, a senior Bangladesh Bank official, the DCCI chief and the ICB managing director.

According to sources, several ruling party politicians and business leaders have been among the wheelers and dealers

whose latest attempts to broker a compromise deal between the two groups failed Sunday evening.

A three-hour meeting between the two parties, sponsored by Shamsul Alam, the managing director of Reliance Insurance, failed to push through a six-from-each-side formula when the rivals remained stuck to their positions. "It is better for all members to be in the race. Let the members elect the leadership to lead the bourse into the 21st century," Rakibur Rahman said after the meeting. "Let the members decide what is better for them." His rival, Quddus, nor the other key players.

The move came apparently because most of those contesting had some kind of affiliation with the ruling Awami League. Those who attended the Alam-hosted meeting included at least two Awami League MPs and FBCCI president Yusuf Abdullah Harun, also an AL supporter.

Rakibur Rahman is known to have considerable access to

the Prime Minister's Office. So is Reliance's Alam -- a close relative of a senior minister and a top ruling party leader -- who lost his Council seat last May when the SEC barred company directors from DSE membership. Alam backed the Quddus faction in the last election.

Khwaja Quddus, who has influenced DSE proceedings for many years now and still commands a considerable vote bank, has one of the past chairmen in his group. Kazi Feroz Rashid, also a former minister under General Ershad, is favourite to win a Council seat and tipped by many to become chairman to fill in a leadership vacuum.

Quddus and other such heavyweights as Khurshid Alam and Imtiaz Hussain, all former chairmen, are not contesting, but have actively been involved in the power play.

Six out of 34 who originally filed nominations withdrew, leaving 28 vying for the policymaking Council seats.

The contestants are: Aminul Islam Khan, Azizur Rahman,

MG Azam Chowdhury, MA Mumain, Kazi Feroz Rashid, Jahangir Kabir Chowdhury, Ahsanul Islam, Mohammad Rakibur Rahman, Dewan Sohel Afzal, Syed Mahabub Morshed, MA Haq, Hawlader, Hasan Farouque Khan, Syed Tareq Mohammad Ali, Anu Jaigirdar, Abdul Haq, Shahid Khan, Mohammad Anwar Hossain, AKM Shamsuddin, Khawja Golam Rasul, AMM Iqbal Ali, Khurshid Azam, Lailul Nahar Ikram, MA Qulium, Ahmed Iqbal Hasan, M Enayetur Rahman, Shahidullah Shaymal and Faisal Kabir Chowdhury.

Those who backed out were Begum Khorshida Ferdous, Habib Abdul Mostaq, Faqirul Islam, Jamil Ahmed Khan, Jamilur Rahman, Al Maruf Khan has withdrawn their names.

Signs of intervention from government functionaries became clear last May when Imtiaz Hussain, the then chairman, was shown the door. Hussain continued as a councillor, but six of the nine members were replaced.

The new arrangements put

the relatively-low profile M A Huq Hawlader as head of what has come to be known as the hot-bed of wheeling-dealing. The Hawlader-led Council has however achieved little to boast of in the past six months. One of the key failures was on the computerisation front, which drew flak from the regulators.

Last month, the SEC warned of legal action if its automation programme was delayed any further and slapped a deadline on DSE to be ready for online trading by March next year.

The stock market surge in the early nineties made the DSE an incredibly-prolific money-spinning machine, and these leading stock dealers became powerful operators.

Their might was however displayed more to win favours for themselves. Lately, they forced the National Board of Revenue to swallow its plan to put stockbrokers in a special category of tax payers.

The latest incident that has eroded their arrogance to an extent is the temporary suspension of the brokerage licence of Hemayet Uddin Ahmed, a mar-

ket veteran and DSE chairman in 1986. Market sources say the SEC move "has really scared the brokers", most of whom, rightly or wrongly, hardly enjoy any good reputation.

While they were busy scheming plans, the market kept falling to lows.

On December 2, the DSE index plunged to 711.13 points, the lowest in 28 months. A slight recovery, which also went through ups and downs, was recorded until yesterday, with the benchmark index reaching 756.56.

But the recovery has not been reflected in transaction of shares, only 302,480 of which changed hands yesterday, again lowest since November 9 when only 295,411 were traded.

The 11 days of business this month have had only 441,331 shares transacted a day on an average.

The market's failure to turn around since the November 1996 crashwave sent shudders down the investors' nerves has been due to many factors, first of all a severe erosion of confidence.

## China adopts ISO-14000 for industries

BEIJING, Dec 14: China has adopted the ISO-14000, a set of international environmental standards, to help it strike a balance between economic development and environmental protection, a news report said yesterday, according to AFP.

The country has launched a committee to examine and register auditors tasked with monitoring proper green labels and assessing the environmental impact of products within the ISO-14000 standards, the official China Daily said.

The national environmental protection agency decided to adopt the ISO-14000 after a one-year trial beginning July 1996 and involving some 55 firms, the paper said.

The paper said the move would make enterprise more competitive in the world trade market, would improve their image and increase economic and environmental benefits.

## Asian leaders gather in Kuala Lumpur

KUALA LUMPUR, Dec 14: The biggest gathering of Asian leaders without Western participation opens in Kuala Lumpur today and the region's deepening economic crisis is set to cast a pall over a summit hoping to restore confidence in the battered region, reports Reuter.

The financial crisis was a key topic among senior officials who met on Saturday to prepare for discussions on Monday and Tuesday among the leaders of the 12 participating nations.

The region's plunging currency and stock markets have created a sense of urgency, the Secretary-General at Malaysia's Foreign Ministry, Abdul Kadir Mohamed, told reporters.

Participating are the nine members of the Association of South-East Asian Nations (ASEAN): Malaysia, Thailand, Singapore, Indonesia, Philip-

pines, Brunei, Vietnam, Myanmar and Laos.

The annual ASEAN summit is being attended for the first time by the leaders of Japan, China and South Korea.

Asked why the non-ASEAN countries were invited, Abdul said they were the three most important trade and investment partners for ASEAN, which believed they would also be key associates in the 21st century.

AP adds: Southeast Asian leaders urged the United States and other economic powers Sunday to make a show of confidence to help overcome the region's currency crisis.

Several Asian currencies have lost 40 per cent or more of their value since the Thai baht was devalued in July, starting a chain reaction that has spread across Asia and caused market turmoil worldwide.

## 18 are already in and many more plan to come Swedish companies find business in Bangladesh

Despite its large population, Bangladesh did not exist for the larger Swedish companies until quite recently, reports BSS.

But not any more as many Swedish corporations are now beginning to "take a look at Bangladesh in earnest," according to an article in a Swedish business daily published last week.

"Dagens Industri," the Swedish business daily published from Stockholm, in a news report of 6th December said until quite recently, Bangladesh didn't exist for the larger Swedish companies in spite of a population of 124 million. The newspaper attributed the situation to "lack of Swedish interest."

It said at present a total of 18 Swedish companies are active in Bangladesh and that some of the world renowned Swedish corporations, like Ericsson and ABB, are doing good business in that country. More Swedish companies are expected to be in the country by 2000, the paper quoted a source of Bangladesh Federation of Chambers of Commerce and Industry as saying.

Anders Johnson, Sweden's Ambassador to Dhaka said, "Today, Bangladesh is the right place to make investments in. There is a local market of more than 120 million people -- people in need of basic goods." He thinks that companies that produce basic goods could find a large market in Bangladesh, the paper commented.

The ambassador said the bottlenecks in infrastructure

that exist in Bangladesh "could be turned into business opportunities."

The paper said Bangladesh changed its course at the beginning of the 1990s with the deregulation of the economy and opening the door for foreign investment. In the past several years Bangladesh has a political stability that hasn't been seen since the independence from Pakistan in 1971, the report said.

Dwelling on the changes that Bangladesh capital Dhaka has undergone in recent years as a

## Treasury bill auction

The 74th auction of the 90-day treasury bill, the 65th auction of the 30-day and the 180-day treasury bills and the 38th auction of the one-year treasury bill were held here yesterday, reports BSS.

Thirty bids for a total of Tk 304.00 crore of 30-day bill and one bid each for Tk 10.00 crore of 90-day, 180-day and one-year bills were offered.

Of these, nine bids for a total of Tk 35.00 crore of 30-day bill were accepted.

The bids offered for 90-day, 180-day and one-year bills were not accepted. The weighted average price of the accepted bids was Tk 99.32 per 100 taka.

The corresponding yield is 8.29 per cent per annum. Bangladesh Bank said here yesterday.

result of the changes in the economic structure, the paper said since the economic reforms began, the city scene has changed and today's Dhaka is "full of sky-scrapers, glittery showrooms for cars and restaurants." Anyone who visited the city seven years ago finds it hard to recognise today, the paper said.

Referring to the availability of cheap labour, who could be easily trained, Ambassador Johnson, said, corporations from countries like South Korea and Malaysia are already in Bangladesh to take advantage of "cheap and disciplined labour." Giants like Daewoo are building large plants for their different products, the envoy mentioned.

The recent discovery of natural gas seemed to have encouraged the Swedes who see in this great increase in investment in Bangladesh. The ambassador said gas can act as a locomotive, turning Bangladesh into a modern economy. "It could be a catalyst of change, provided it is handled properly," the ambassador said.

The paper mentioned that "experts believe the country is literally flattening on gas and possibly oil." It said international giants like Mobil, Royal Dutch Shell, Unocal Corporation, Scottish Cairn Energy and Texas-based Enron fight to exploit the nation's gas resources. Bangladesh's foreign investment is expected to shoot up to two billion dollars by 2000 from 150 million dollars it received so far, the paper said.



The 12th annual general meeting of Agricultural Marketing Company Ltd-PRAN was held at a local hotel yesterday.

## Commodity market: Gold price sinks to 18-year low

LONDON, Dec 14: Widespread selling of gold contracts, notably by the hyper-speculative investment funds, knocked the precious metal down to its lowest level for 18 years this week, reports AFP.

As gold continued to lose its shine as a safe-haven investment, investors anticipated further selling of central bank reserves.

Such fears, coupled with financial meltdown in Southeast Asia, formerly a hot-bed of gold purchases, caused prices to slump by almost four dollars to less than 284 dollars per ounce.

Analysts warned of further losses on the horizon and said that only a radical restructuring of the world's production system could put the brakes on the market slide, prices have buckled under the weight of excess supply.

Meanwhile, coffee prices continued to build up a head of steam, driven higher by the prospect of wilting arabica production across Latin America.

This would make roasting houses turn to lower quality robusta beans that are usually ground down to make instant coffee granules.

**GOLD:** Tarnished. Gold prices on the London bullion market fell to their lowest point since 1979 this week, in the wake of fund selling and fears of increased sales by producers. Gold prices fell to 283.50 dollars per ounce from 287.50 dollars last week.

Fears that prices would fall further provoked selling by speculative investment funds.

Gold producers were also thought likely to increase sales and this hit market sentiment, said Ted Arnold a precious metals analyst at Merrill Lynch trading house. He predicted that

prices might fall as low as 280 dollars per ounce, which would then inspire the speculators to move back into gold.

Three-month New Year's eve celebrations, gold prices might fall further," Arnold said.

The market has been weighed down by the spectre of central bank gold sales in recent weeks, as monetary authorities around the world are seeking to downgrade gold holdings and switch to higher yielding investments.

Financial turmoil across Southeast Asia and Japan has also hit demand for gold.

**SILVER:** Sparkle. In contrast to gold, silver prices rose on the wings of speculative purchases by investment funds this week.

Prices jumped by 72 cents to 6.05 dollars per ounce amid a speculative drive, some analysts said that investment funds and producers were intent on pushing silver prices up to nine dollars per ounce.

**PLATINUM AND PALLADIUM:** Tumble. The price of these two metals fell as dealers expressed concern that financial turmoil across Asia would undermine demand in Japan, the biggest importer of the metals.

Palladium prices fell by 21 dollars to 362 dollars per ounce and platinum prices fell by 1.5 dollars to 205 dollars.

**COPPER:** Red. Copper faced further selling pressure this week as financial turmoil in Asia intensified. The region has been a stalwart of demand for copper in recent years, sparking up vast quantities of the metal for building projects and the electronics industry.

Three-month copper prices fell by 25 dollars to 1,817.50 dollars per tonne.

**LEAD:** Dull. Lead prices followed copper marginally lower. Three-month lead prices fell by seven dollars to 535.5 dollars per tonne.

**ZINC:** Rise. Zinc prices rose slightly on the wings of technical trades after a sharp fall in prices last week.

Three-month zinc prices rose by four dollars to 1,137.5 dollars per tonne.

A fall in London Metal Exchange (LME) reserves to 490,325 tonnes from 494,750 tonnes last week also lifted market sentiment.

**ALUMINIUM:** Lighter. Like copper, aluminium prices fell amid concern that financial turmoil and recession across Asia would adversely affect demand for the metal.

Three-month prices fell by 28 dollars to 1,560 dollars per tonne.

Worries about the strength of future demand in Southeast Asia outweighed a brighter short-term outlook in the United States, analysts said.

LME reserves fell by 12,550 tonnes to 643,925 tonnes.

**NICKEL:** Rise. Nickel prices rose slightly on the wings of technical trades, dealers said.

Three-month prices rose by 95 dollars to 6,222.5 dollars per tonne.

**TIN:** Tumble. Tin prices quoted on the LME fell sharply, as speculators laid siege to the metal after a string of rises in market reserves.

Three-month prices fell by 269 dollars to 5,382.5 dollars per tonne.

Speculators sold off tin contracts after a rise of 1,500 tonnes in market reserves to 9,830 tonnes.

**OIL:** Slump. Brent North Sea Crude prices fell to their lowest

level for two years this week as the prospect of renewed Iraqi oil exports hit market sentiment.

Crude prices on the International Petroleum Exchange dropped to 17.36 dollars per barrel, before regaining some lost ground to 17.5 dollars, compared with 18 dollars last week.

Analysts said that prices had slumped amid expectations that Iraq would resume oil exports by mid-January.

Baghdad has halted crude exports authorised under an oil-for-food deal brokered with the United Nations. Iraq is protesting its lack of control over the distribution of aid to its people.

**RUBBER:** Strictly. Rubber prices again remained unchanged at 545 pounds per tonne on the London market.

Supply remained plentiful, but there was little demand as the year drew to a close.

Dealers said that they continued to turn a keen eye to financial turmoil in Southeast Asia, a key rubber producing region.

**COFFEE:** Strong. Coffee prices rose sharply this week amid aggressive buying on the part of investment funds and the prospect of a supply shortfall in the 1997/98 season.

Robusta prices for delivery in March rose by 42 dollars to 1,805 dollars per tonne.

**TEA:** Time. Weekly tea auctions here, that have set prices for Britain's favorite pick-me-up for more than 160 years, will be phased out next year. As on-line trades and international competition gather steam.

The auctions will be held fortnightly from February 1998 and will be closed from June

next year, the two tea trading houses, Wilson and Smithett and Thompson Lloyd and Ewart said.

Assam leaves and tea from Zimbabwe command strong demand this week.

Medium quality brews were priced between 147 and 158 pence, as they were last week.

**SUGAR:** Melting. Sugar prices fell amid predictions that next season's sugarbeet harvest across Europe would be extremely plentiful, while the market was already creaking under the weight of plentiful supply from Europe.

In addition, Pakistani producers said that they expected to export 600,000 tonnes of sugar after a record sugar cane harvest that yielded 50 million tonnes of sugar.

**VEGETABLE OILS:** Mixed. The US soyabean market rose despite favourable weather conditions in South America, a sign of plentiful being crops to come, while oil prices in Rotterdam fell in the wake of predictions that global vegetable oil production will rise in 1997/98.

Soya prices on the Chicago Board of Trade (CBOT) rose by 10 cents to 7.04 dollars per bushel (of 27.2 kg -- for delivery in January).

Prices in Rotterdam fell after the United Nations Food and Agriculture Organisation (FAO) predicted that vegetable oil production would rise by a seven per cent in 1997/98.

**PALM OIL:** Prices fell by 2.5 dollars to 540 dollars per tonne, groundnut oil prices fell by five dollars to 1,060 dollars per tonne and rapeseed oil prices fell by one guilder to 124 guilders per 100 kg.

Meanwhile, the dominant palm oil market in Malaysia

rose on the wings of strong demand from processors.

**GRAINS:** Fall. Grain prices fell this week, after the US Agriculture Department said that it expected worldwide output of both wheat and maize to rise in 1997/98.

Wheat prices on the CBOT fell back after the comments made by the US authorities, prior to the announcement, prices had risen in the wake of heavy rainfall in Argentina and drought in Australia that raised fears over the forthcoming harvests there.

Prices on the CBOT fell by five cents to 3.50 dollars per bushel (of 27.2 kg -- for delivery in March).

The maize market fell slightly, despite hefty orders from Japan and the Philippines, which posted an order for 50,000 tonnes of maize.

**COTTON:** Shrunk. Cotton prices fell this week, as fears that Southeast Asian countries would buy up less of the fibre amid economic turmoil which threatened to unleash biting recession in numerous countries there.

Demand from the region has already started to run dry.

Cash prices covered by the cotton outlook index fell by 1.5 cents to 74.55 cents, per pound.

**WOOL:** Chilled. Wool prices covered by the eastern index fell by 10 Australian cents to 698 cents per kg, dealers said that a large quantity of wool remained unsold at auction houses in Sydney, Melbourne and Fremantle.

Japanese and Chinese buyers continued to dominate overseas sales.

Demand was extremely low on the Bradford market, but prices nonetheless rose by two pence to 392 pence per kg.

## CSE elects five new directors

Star Business Report

Five directors of the Chittagong Stock Exchange have been elected uncontested ahead of the annual general meeting. The meeting is scheduled to be held on December 26, a CSE news release said yesterday.

ORA Rasul Nizam, Managing Director of National Brokers Ltd, Nurul Quayyum Khan, Managing Director of Unity Shares Ltd, Mostaqur Rahman, Managing Director of MRM Securities Ltd, MKM Mohiuddin, Managing Director of MKM Securities, and Fariduddin Ahmed Chowdhury, Managing Director of Kishwar Security Investment Ltd, will replace the retiring directors.

## India's tea exports may hit target

NEW DELHI, Dec 14: India's tea exports will touch the targeted 180 million kilograms (396 million pounds) in 1997, Tea Board Chairman SS Ahuja said Saturday, reports AFP.

The exports would rise from the 154 million kilograms (338 million pounds) of 1996 following fresh inroads into Russia, Britain, Iran, Canada, Japan and the United States, Ahuja said in Calcutta.

The Press Trust of India (PTI) said Pakistan had also ordered 2.5 million kilograms (5.5 million pounds) of tea, and that Islamabad "would act as a springboard to gain access to other central Asian countries."

Ahuja said India hoped to produce 1,000 million kilograms (2,200 million pounds) of tea by the turn of the century.