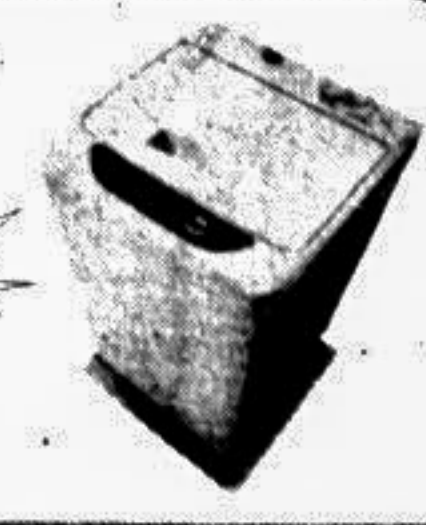


SANYO
Micro
Computer
Controlled
Automatic
Washing
Machine ASW-40MT

TK.25,000



The Daily Star

BUSINESS

DHAKA SATURDAY, JANUARY 3, 1998

HYUNDAI
CARS THAT MAKE SENSE



Asian currencies get punished

SINGAPORE, Jan 2: Asia's troubled currencies were punished to record lows or sensitive levels on the first day of 1998 trading Friday as the regional financial turmoil entered its seventh month, dealers said, reports AFP.

The Malaysian ringgit dived to an all-time low of 3.9350 against the US dollar while the Thai baht offshore was hovering at its previous record low of 48.00 and the Indonesian rupiah reached the sensitive 6,000 level.

On Wednesday, the ringgit had closed at 3.8750, the baht offshore at 46.75 and the rupiah at 5,450. There was no currency trading on Thursday because of the new year holiday.

"The markets took the opportunity to sell the Asian currencies after hearing leaders in their new year messages warning their people that things could turn for the worse before they become better," said Allison Seng, Analyst with US Research House Standard and Poor's MMS in Singapore.

The Singapore dollar was also down at 1.6925 from Wednesday's close 1.6768 while the Philippine peso fell as low as 41.07 after finishing 1997 at 39.90.

The Taiwan dollar was virtually unchanged at 32.63 to the US dollar.

The closely-watched South Korea won was not traded actively on Friday because of a Korean holiday. It had closed Wednesday 1,750 against the greenback.

Beijing pledges support for HK economy

HONG KONG, Jan 2: Chinese Foreign Minister Qian Qichen pledged support Friday for Hong Kong's economy during a short visit on his way back from opening an embassy in South Africa, reports AFP.

Qian is only the fifth high-level Chinese leader to visit Hong Kong after the July 1 ceremonies that marked its transfer from British to Chinese rule. During his half-day stay, Qian met with politicians, businessmen and community leaders at a luncheon hosted by Chief Executive Tung Chee-hwa.

Hong Kong Radio said Qian pledged Beijing's support for the Hong Kong economy but expressed confidence that it remains sound.

Hong Kong's market lost more than a third of its value in recent months as international investors fled Asia. Slower growth is expected in 1998.

Qian, who last visited Hong Kong for the handover ceremonies, was returning to Beijing after presiding over the establishment of diplomatic relations with South Africa.

High-level Chinese leaders have made four visits to Hong Kong since July 1 in an apparent effort to instill confidence in their agreement to let Hong Kong run its own affairs.

Premier Li Peng and Vice Premier Zhu Rongji visited in September to attend the annual meeting of the World Bank and International Monetary Fund.

KL guidelines to encourage finance company mergers
KUALA LUMPUR, Jan 2: Malaysia's central bank today announced guidelines to encourage mergers among the country's nearly 40 finance companies, saying it had identified up to six core institutions, reports Reuters.

Bank Negara said in a statement it was setting a "target timeline" for the finance company mergers "to be finalised and activated" by the first quarter of 1998. It did not name the anchor or core firms but said they would include the four tier-1, highly capitalised finance companies and one or two others.

Saudi stock market rises in '97

RIYADH, Jan 2: The Saudi stock market rose by 27.8 per cent in 1997, its second best performance since it was set up in 1985, the Bakheet Financial Advisors Institute said yesterday, reports AFP.

The National Centre for Financial and Economic Index (NCFEI) rose to 195.89 points by year-end from 153.10 points 12 months earlier, the institute said.

"1997 is the second best performing year for the NCFEI after 1991 when it rose by 83.3 per cent," it said in a report.

An institute official, Ammar Bakheet, credited the growth to general economic improvement due to higher oil prices, and to good corporate results.

He told AFP the higher oil prices allowed the government to boost the economy and increase liquidity as it paid nearly 10 billion riyals (2.7 billion dollars) out of its internal debt.

Bearish stock market bids farewell to '97

By Rafiq Hasan

A bearish mood on the Dhaka and Chittagong stock exchanges continued last week mainly due to lack of fund.

According to sources, the market normally remains dull this time because of year-end accounting closure by all banks and financial organisations which reduces flow of funds to the capital market. The situation, however, did not improve on the first day of the new year. The DSE price index witnessed 4.18-point fall on the day.

"Recent change in the DSE leadership also had a mixed impact on the share market," said a leading broker.

"The main task of the new leadership is to bring back people's confidence in the market but there was no sign of such improvement," he noted.

The new DSE Council is now busy in lobbying with higher authorities to revamp the plunging market. The Council took some initiatives to pursue the government for taking a package programme to improve the situation.

The DSE men have already had a number of meetings with some influential ministers including Industries Minister Tofael Ahmed and Finance Minister SAMS Kibria to find a way-out of the continuous falling-trend of share prices over the last few months.

The Council members have also planned to meet Chairman of Securities and Exchange Commission M A Syeed, and Governor of Bangladesh Bank Lutful Rahman Sarker next week, according to DSE sources.

The sources said the DSE leaders would try to pursue the government to release shares of state-owned enterprises particularly of those which are still profitable. Because, the market may improve if the government enterprises release shares.

There are a number of companies which are operating well but are not enlisted with either of the two stock exchanges. Besides, multinational companies in the country can also

help improve the capital market, sources observed.

The DSE All Share Price Index lost 15.35 points and closed at 752.60 points on Thursday, closing day of the week. The market started with all share price index standing at 767.95 points on Saturday.

The market capitalisation of the bourse lost Tk 124.17 crore over the week, closing at Tk 6720.56 crore from Tk 6844.73 crore.

As many as 15.96 lakh shares and debentures changed hands during the five-day week. The market was closed on Wednesday on account of bank-closing.

The average trade in terms of value was Tk 3.74 crore. On an average, out of 128 traded issues, 78 suffered losses and only 47 gained everyday while three remained unchanged.

The All Securities Price Index of Chittagong Stock Exchange also showed downward trend and fell to 333.27 points from 336.58 points, registering

a 3.31-point decline.

Market Capitalisation of the CSE lost Tk 45.06 crore over the week, closing at Tk 5588.03 crore from Tk 5633.09 crore.

The week also witnessed trading of two new issues, Golf Foods Ltd and Mona Foods, on the DSE floor. The shares of the issues changed hands at above their face values. More than 11 thousand scrips of Golf Foods were traded on the first day of trading at the rate of Tk 164.79 as against the face value of Tk 100.

On the other hand, Mona Food started trading life with a negative mood as its Tk100 share was traded at Tk 98.12 on the first day.

Although the market was dull almost everyday during the week, the DSE price index showed slight rise of 2.31 points and 5.21 points on Saturday and Tuesday respectively.

The key indicator fell by 7.26 points on Sunday, 9.13 points on Monday and 4.18 points on Thursday.

Bird flu: Sloppiness in killing HK chickens acknowledged

HONG KONG, Jan 2: Top officials acknowledged sloppiness Friday in slaughtering Hong Kong's chickens to wipe out bird flu, including overlooking some farms and not burying the carcasses quickly, reports AP.

Newspapers published photos of caged live chickens at several small farms whose owners said they were still waiting for slaughter teams to come.

Other photos showed chicken carcasses spilling from torn garbage bags that were left on farms after the slaughter, rather than being trucked to government landfills as promised.

Rural residents complained that dogs and rats were getting at the carcasses, prompting fears that they might spread the bird flu virus.

The government killed an estimated 1.3 million chickens Monday through Wednesday in an effort to stamp out the source of the A H5N1 virus, which sickened humans for the first time last year. Hong Kong also has halted imports of live chickens.

A 15th person, a 3-year-old boy, was confirmed Friday as having the virus. Four known victims have died and seven have recovered. In addition to the 15, six people are suspected of having the virus, four of whom have recovered.

BANGKOK, Jan 2: Thailand will build a planned subway in the capital despite the economic downturn if it can get aid from Japan, a newspaper report Friday said.

The main state planning agency, the National Economic and Development Board, had suggested suspending the multi-billion dollar project because of the difficulties of funding it.

Thailand's government is under severe budgetary constraints because of draw-downs on reserves and conditions imposed by the terms of a financial rescue package organised by the International Monetary Fund.

"The government will not suspend the project," the Bangkok Post newspaper quoted Prime Minister's Office Minister Somboon Rahong as saying. "It will proceed on schedule. The system should be 20 per cent built by next year and start service in 2002."

Somboon told the newspaper he was asking Japan's Overseas

A government employee who took part in the slaughter was being tested for bird flu after developing pneumonia, but initial results were negative, the Hospital Authority said. The man was hospitalized Wednesday in stable condition.

Hong Kong leader Tung Chee-hwa, who has been criticized for not taking charge throughout the flu scare, held an emergency meeting of his top advisory board, the Executive Council. One council member, Tam Yiu-chung, said earlier that officials had not prepared adequately for the slaughter.

"Colleagues in the government at all levels work day and night on this," Tung told reporters in brief remarks after the closed-door meeting. "But nevertheless, there are areas where improvement needs to be made and we are going to make these improvements."

Tung said the government was short of people and equipment for dealing with the crisis. "We are looking at these things very urgently," he said. "We hope these will be all sorted out some time today."

The director of health, Dr. Margaret Chan, said the killing and disposal of chickens "could be done better."

The agriculture and Fisheries Department set up a hot line for people to report surviving chickens or uncollected carcasses.

Economic Cooperation Fund to lend 80 per cent of the project's construction costs rather than the 60 per cent it had originally agreed to.

He said he would also ask that the Thai government be allowed to defer its investment in the project — the remaining 20 per cent — for two years.

HONG KONG: Chinese For-

eign Minister Qian Qichen pledged support Friday for Hong Kong's economy during a short visit on his way back from opening an embassy in South Africa.

Qian is only the fifth high-level Chinese leader to visit Hong Kong after the July 1 ceremonies that marked its transfer from British to Chinese rule. During his half-day stay, Qian met with politicians, businessmen and community leaders at a luncheon hosted by

Chief Executive Tung Chee-hwa.

Hong Kong Radio said Qian pledged Beijing's support for the Hong Kong economy but expressed confidence that it remains sound.

Hong Kong's market lost more than a third of its value in recent months as international investors fled Asia. Slower growth is expected in 1998.

Qian, who last visited Hong Kong for the handover ceremonies, was returning to Beijing after presiding over the establishment of diplomatic relations with South Africa.

High-level Chinese leaders have made four visits to Hong Kong since July 1 in an apparent effort to instill confidence in their agreement to let Hong Kong run its own affairs.

Premier Li Peng and Vice Premier Zhu Rongji visited in September to attend the annual meeting of the World Bank and International Monetary Fund.

High-level Chinese leaders have made four visits to Hong Kong since July 1 in an apparent effort to instill confidence in their agreement to let Hong Kong run its own affairs.

Premier Li Peng and Vice Premier Zhu Rongji visited in September to attend the annual meeting of the World Bank and International Monetary Fund.

High-level Chinese leaders have made four visits to Hong Kong since July 1 in an apparent effort to instill confidence in their agreement to let Hong Kong run its own affairs.



Workers at Samsung Corp. voluntarily donate their gold rings and bracelets at a company's headquarters in Seoul on Wednesday. A nationwide campaign was launched to collect gold to help South Korea repay 57 billion dollars it owes to the IMF as bailout fund. — AP/UNB photo

flights to South Korea from February 1 because of economic conditions in Asia and the sharp decline in travel to Australia.

Qantas planned to code-share with South Korean carrier Asiana Airlines on four flights each week between Seoul and Sydney. Qantas executive general manager Geoff Dixon said Friday.

"In the past month, Qantas has experienced a drop in nearly 65 per cent in demand for seats on the route, compared with the same period last year," Dixon said.

"We are receiving widespread cancellations from tour groups and individuals. Other airlines have also encountered a severe decrease in passenger numbers and have adjusted their schedules."

Dixon said Qantas did not expect travel between South Korea and Australia to pick up in the short to medium term.

— AP

New Indian Parliament in March Budget to get urgent priority

NEW DELHI, Jan 2: In the last Indian general elections, one regional party won votes by promising people highly subsidized rice and another offered free electricity to farmers, reports AP.

Nineteen months later, India is facing an economic slump and a costly second election in less than two years. Voters may again hear big campaign promises, but lawmakers won't be able to fulfill them all when they get down to drawing up a budget.

Election officials announced Thursday that voting will be held over four days beginning Feb. 16 and ending March 7, leaving lawmakers little time to put together a budget before the current spending provisions run out March 31.

Under normal circumstances, Indian budgets are presented in February and voted on after at least a month of debate. When he dissolved the previous Parliament last month, president KR Narayanan called for election officials to organise a new vote by March 15, seen as the latest date for presenting the annual budget.

The new lawmakers could

vote on a stop-gap spending measure before tackling a comprehensive budget. The strategies that will guide them should become clear in upcoming weeks, as political parties release election manifestos setting out economic priorities.

Industrial growth has fallen to 6.7 per cent from 11 per cent in 1995-96, exports slumped to four per cent from 20 per cent and the consumer goods industry grew by just nine per cent, down from 30 per cent in 1995-96, according to finance ministry statistics.

Competitive populism was not the road to either social equity or to development, said Manmohan Singh, a Congress Party leader. As finance minister, Singh initiated reforms six years ago that spurred growth by opening markets to foreigners and reducing the government's role in the economy.

"If you have a regime which says power will be given free, I think that is a road to disaster," Singh was quoted as saying in the Business Standard newspaper Friday.

The right-wing Hindu nationalist Bharatiya Janata Party, which is expected to win

the most seats in the 545-member lower house of Parliament, is known for anti-foreigner rhetoric.

It favours outside investment to help build roads and power plants, but doesn't want foreign consumer goods competing with Indian goods.

Communists, who provided crucial support to the 14-party United Front coalition government in the last 19 months, have been fighting to block privatization of money-losing state-owned corporations and the opening up of insurance markets to foreign companies.

Throughout more than four decades of socialist control, India's economy grew by 3.5 per cent annually. India's gross domestic product growth was being sustained at the level of 6-7 per cent since it opened up its economy in 1991.

The elections were called after Prime Minister Inder Kumar Gujral's seven-month-old United Front government collapsed November 29.

Gujral and his ministers are now serving as a caretaker government until elections are held, and can make no policy decisions.

ROK will sell 2 banks to foreigners in Feb

SEOUL, Jan 2: The government said Friday it will finish taking over South Korea's two most indebted commercial banks and selling them to foreign investors, most likely American banks, says AP.

Korea First Bank and Seoul Bank were left with billion of bad loans when a series of South Korean conglomerates collapsed this year.

The Ministry of Finance and Economy said it will take a controlling interest in the two banks by early February by investing 738 million dollars in each. Then it will call for international bids for the banks.

The decision reflects South Korea's efforts to boost international confidence in its pledge that it will restructure its financial sector and open it to foreign investment in return for record rescue loans.

South Korean news media, without giving sources, reported Friday that Citicorp's Citibank was interested in Korea First Bank and Chase Manhattan in Seoul Bank. The US banks will take over the banks or form joint ventures, the reports said.

The US bank's Seoul branches were closed for the New Year's holiday and comments were not available.

The government has already poured 1.5 billion dollars into Korea First Bank and 1.2 billion dollars into Seoul Bank to write off 56 per cent of the banks' non-performing loans. Before calling bids in February, the government planned to as-

sume the remainder of those bad loans.

While agreeing to a record 57 billion dollars bailout from the International Monetary Fund early December, South Korea promised to take steps toward liberalizing its economy, considered by Western investors as one of the most closed in Asia.

Per capita income drops to \$9400

SEOUL, Jan 2: South Korea's per capita income dropped to 9,400 US dollars in 1997 from the previous year's 10,548 dollars, said the Ministry of Economy and Finance Thursday, reports Xinhua.

The drop was the first of its kind since 1980 when each South Korean suffered a slide of 50 dollars due to an oil shock around the globe.

Analysts attributed the decrease to the failure of the government's economic policies and the 40 per cent devaluation of South Korean won against the dollar.

They said the nation's per capita income will further fall this year in the aftermath of serious financial crisis caused by the failure of conglomerates and bad loans of financial institutions last November.

The country's economy, the analysts added, could grind to halt without speedy assistance from international financial organisations and industrialised countries.

\$1b Singapore-Malaysia bridge opened

SINGAPORE, Jan 2: The new one billion US dollars bridge linking Malaysia and Singapore opened on Friday without fanfare and little early traffic, says Reuters.

Witnesses said the first car rolled across the 1.9-km (1.2-mile) bridge from the Singapore side after a policeman stepped from the middle of the road and waved traffic through.

Malaysia said on Thursday the bridge would be toll-free for a month until the government and the Malaysian bridge operator agreed on charges for using it.

Earlier there had been talk of fees of up to 50 ringgit (US dollar 12.75) for trucks. Malaysian truckers, who haul goods to Singapore's bustling port, have called the charges excessive.

They currently pay 4.2 ringgit to use the nearby causeway, formerly the only land link between the two countries.

Singapore does not charge vehicles for crossing the causeway but has said it would match Malaysian fees for the new bridge across the narrow strait between the two countries.

In recent months there have been long queues on the causeway, caused first by Malaysian customs stepping up their checks to include every vehicle. Previously, only the occasional vehicle was checked.

Singapore responded with increased checks of its own amid suggestions in the city state that the Malaysian move was a ploy to oblige Malaysian exporters to use port Klang, which the government is promoting as a rival to Singapore's port.

ADB raises lending rate

MANILA, Jan 2: The Asian Development Bank (ADB) on Friday raised lending rates for its dollar and multi-currency loans, the Philippines-based institution said, reports AFP.

The rate on the dollar facility will be 6.93 per cent in the first half, compared to 6.82 per cent in the second half of 1997.

The multi-currency facility rate will be at 6.01 per cent, from 6.0 per cent. It said in a statement.

The rates for both are determined by adding a spread, now at 0.4 per cent annually, to the preceding six months' average cost of the respective pools of outstanding ADB borrowings established to fund such loans.

Indonesian econ crisis forces 2.4m people out of work

JAKARTA, Jan 2: The financial crisis in Indonesia is estimated to have forced 2.4 million people, mostly temporary workers in Jakarta and its surrounding areas out of work, a report said here Friday, reports AFP.

"These temporary workers number much more than the employees who were dismissed," the head of the manpower department of the Indonesian Chamber of Commerce and Industry, Yulia Hasan, told the Bisnis Indonesia Daily.

Hasan said the 2.4 million workers now without jobs were mostly from the property, construction and real estate sectors.

Bisnis Indonesia also quoted the head of the Manpower Supervision Directorate, Sabar Santun, as saying that the government has approved the dismissal of 8.65 million employees from 11 of the 16 banks closed down by the government on November 11.

Manpower Minister Abdul Latief on Tuesday said that the monetary crisis has prompted the dismissal of 16,961 workers so far and threatened another 4,536 workers.

Latief said that most of the laid off workers were from factories in the footwear, garments and electronic sectors.

HK Telecom to take over Pacific Link

HONG KONG, Jan 2: Telecommunications giant Hong Kong Telecom said on Friday it would take over rival mobile phone operator Pacific Link Communications Ltd in a 4.835 billion Hong Kong dollars (620 million US) deal, reports AFP.

Hong Kong Telecom said in a statement its wholly owned subsidiary Hong Kong Telecom CSL would purchase 100 per cent of Pacific Link through the purchase of the company's shares from First Pacific as well as repaying Pacific Link's debt to its parent and third parties.

The deal, signed with Pacific Link's parent First Pacific on Wednesday, followed an earlier announcement that a non-binding memorandum of understanding had been signed regarding the agreement.

Completion of the transaction is expected to take place this month.

The acquisition will make Hong Kong Telecom the largest mobile telephone operator in the territory, with a customer base of more than 800,000 people.

Pacific Link recorded a net profit of 310 million dollars in 1996, while its net assets were 1,330 billion dollars in the same period.

Asian bourses limp into another year of uncertainty

HONG KONG, Jan 2: Asian stock markets limp into the new year battered and bruised by the regional economic crisis and knowing that the bloodbath of 1997 is not over yet, says AFP.

Investors were only too glad to see off the year in which tens of billions of dollars were wiped off share values as capital took flight from the region flattened by a financial tempest.

But analysts warned the turmoil, which was set off by the July 2 devaluation of the Thai baht and peaked in October and November when panic selling reverberated across the globe, had not yet run its full course.

More bad news is in the works as regional economies slow, governments tighten their belts, corporate earnings take a hit and foreign fund managers reduce their Asian allocations.

"As long as the currency turmoil doesn't settle down, the whole stock market prospects in the region will be still uncertain," said Ang Si Oon, economist with JM Sassoon in Singapore.

For the whole of 1998, we

are looking at very bad corporate earnings which possibly can begin recovering only in 1999," she said.

Year find window dressing did nothing to dispel the gloom of 1997, which defanged the mighty Asian "tiger" economies, with Thailand, Indonesia and South Korea all under International Monetary Fund (IMF) intensive care.

"There has never been a year like this year, I feel as if I had a bad dream" said a dealer in Seoul who summed up the regional mood.

South Korea, the latest patient to join the IMF sick-bed, saw its key stock market index fall 42.2 per cent over the year to 376.31, it marked a 52.5 per cent decline from the year's high of 792.29 on June 17.

In Tokyo, the key Nikkei index of selected 225 issues on the Tokyo stock exchange lost 4,102.61 points during the year for a 21.2 per cent loss.

The Nikkei's finish at 15,258.74, after months of worries over bankruptcies, was the lowest year and level since 1985.

An estimated 73 billion yen

(560 million dollars) evaporated on the Tokyo Stock Exchange's major board, as total market value of all first section issues fell to 273,908 billion yen.

"The market is expected to continue suffering from its own uncertain prospects and those of the economy," said Okasan Securities chief strategist Tet-suya Ishijima.

"You can never underestimate Asian currency conditions," he said.

In Hong Kong, the Hang Seno Index ended the year 19 per cent down, closing at 10,722.76. This marked a 35-per cent decline from the all-time high of 16,673.27 on August 7, a month after the former British colony reverted to China.

"Trading will continue to remain cautious," said Sean Li, Sales Director at Amstee Securities in Hong Kong, of the outlook for 1998.

"The market will largely hinge upon the scope and depth of the currency upheaval in the region," he said. "We have to resolve the problems first, before seeing the dawn."

Malaysia's key stock

barometer ended the year at a five-year low of 594.44. It represented a loss of 636.09 points or 51.7 per cent from the 1,230.53 level over the year.

More than 400 billion ringgit (105 billion dollars) were wiped off Malaysian stock alone