

SANYO

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HYUNDAI

CARS THAT MAKE SENSE

16 more spinning mills to be set up

State Minister for Textiles A K M Jahangir Hossain yesterday said 16 additional spinning mills each with 25,000 spindles and auto-coning facilities are to be set up to meet the present demand of knit yarn in the ready-made garment sector, reports UNB.

"Apparently there exists a demand-supply gap of 47 million KG of yarn," he said while addressing a seminar titled "Knit-Tech '98" at Hotel Sonargah in the afternoon.

The seminar was jointly organised by FAB-CON Machinery Development Corporation, USA and Sakaimex Ltd.

It was also addressed by US Ambassador to Bangladesh John C Holzman, BGMEA President Mostafa Golam Qudus and BKMEA President Monjurul Haque.

Jahangir said the total yarn requirement in the knit garment units in 1996-97 was about 83 million KG against the actual domestic production of 36 million KG.

"This gap will increase over the coming years unless new spinning mills are set up in the country," said the minister. The knit yarn requirement was estimated to increase by about four times by the year 2005, he added.

VAT introduction

Petrol stations shut in Nepal

KATHMANDU, Feb 14: Nepal Oil Corp dealers shut petrol stations Friday indefinitely to protest the introduction of Value Added Tax (VAT), Shaileendra Pandey, spokesman for a distributors association said, reports AFP.

All NOC station displayed signs, saying, "no petrol and no diesel," with some of them fixing wooden planks on the pumps indicating that the strike may continue for some time.

The Nepalese government imposed the VAT on November 15 last year.

Among more than 150 refilling stations in the Nepalese capital, only one run by the Royal Nepalese Army was open to sell limited quantities of petroleum products, consumers said.

Taxis, private cars and pick-up vans were lining up for four kilometres to get a turn at the pumps, witnesses said.

Malaysia, Yemen sign trade, investment guarantee pact

KUALA LUMPUR, Feb 14: Malaysia and Yemen signed agreements on trade and investment guarantee aimed at expanding bilateral trade, economic and industrial cooperation, officials said, reports AFP.

Malaysian Prime Minister Mahatir Mohammad and visiting Yemeni President Ali Abdullah Saleh, who met earlier for bilateral talks, witnessed the signing agreement.

Bernama news agency cited a statement by the Malaysian international trade and industry ministry as saying that both countries also agreed to encourage private enterprises and organisations to explore trade and investment opportunities. Under the agreements, Malaysia and Yemen will grant each the most-favoured-nation treatment in matters relating to custom duties and foreign trade formalities.

A joint trade committee will also be established to discuss measures to enhance bilateral trade, the statement said. Saleh arrived here earlier Wednesday for a four-day visit, the first by a Sanaa head of state.

Labour unrest unsettles ROK financial market

SEOUL, Feb 14: South Korea's financial markets were unsettled Thursday as militant labour unions threatened to go ahead with plans for a nationwide strike this weekend, reports AP.

Thousands of riot police were deployed in Seoul in a show of force against possible violent demonstrations by union members ahead of the strike, scheduled to begin Friday afternoon.

The government outlawed the strike and promised to arrest and punish its leaders. Police, armed with helmets, shields and meter-long batons, surrounded a Catholic cathedral and a Buddhist temple in which union leaders have sought sanctuary in past strikes.

The strike threat kept markets depressed. Stock prices fell 13 points, or 2.5 per cent, from Wednesday to end the morning session at 507.14. The Korean currency, the won, also dropped to 1,622 won per the dollar, down from 1,602.90 on Wednesday.

Market sentiment has been bearish since the union called for the strike Monday.

Kibria elected IFAD Chairman

Bangladesh to get addl food aid for repatriated CHT people

Bangladesh will get additional food aid from international organisations to support the rehabilitation of the repatriated tribal people in the Chittagong Hill Tracts, Finance Minister Shah AMS Kibria said here yesterday, reports UNB.

He said the chief of Canadian CIDA, during a meeting in Rome, has committed to provide Bangladesh with additional 25,000 tons of foodgrain for the rehabilitation work in the CHT.

Kibria was talking to newsmen at the Zia International Airport on his return from a four-day visit to the Italian capital, where he attended the 21st session of the Governing Council of the International Fund for Agricultural Development (IFAD).

Kibria was elected chairman of the IFAD governing council for two years at the session which coincided with the 20th founding anniversary of the Fund.

The finance minister said Executive Director of World Food Programme Catherine Bertini assured that the WFP would consider to provide extra 25,000 tons of foodgrain for the CHT.

Those attending the conference spoke highly about the peace accord on CHT, he said adding that the accord has brightened Bangladesh's image abroad.

He said Bangladesh's performance in the agricultural sector was also highly acclaimed in the IFAD conference, attended by 161 member states and a number of NGOs.

IFAD, which provides food aid to Bangladesh for Food for Works Programme and development of rural infrastructure, would extend its activities in newer areas, Kibria said.

He said the Fund will provide 160,000 tons of foodgrain for ongoing projects this year.

Since IFAD's inception 20 years ago following a global food crisis, it has long been playing an active role in supporting projects, particularly

for poverty alleviation and agricultural development. So far, IFAD has financed 17 projects in Bangladesh for a total cost of SDR 177.23 million, covering 18,000 villages and beneficiaries estimated at about 28 million people.

About his election as the chairman of the IFAD governing council, Kibria said "it's a great honour for Bangladesh."

The Chinese representative proposed his name and the proposal got unanimous support, he added.

The newly elected IFAD chairman said the 4th replenishment of the Fund has been successful with 80 per cent of what it asked for.

Some 364 firms from home and abroad are expected to take part in the 4th Dhaka International Trade Fair (DITF) scheduled to begin on February 22, according to official sources, reports UNB.

Prime Minister Sheikh Hasina is expected to inaugurate the month long fair at Shee-Bangla Nagar.

Some 262 local business organisations and 102 foreign firms of 20 countries have registered their names with the Export Promotion Bureau (EPB) of Bangladesh, the organiser of the fair.

The participating firms will put their manufactured and exportable goods and services on display in 35 pavilions, 57 mini-pavilions and 272 stalls.

Pakistan is taking part with the highest number of 27 firms followed by India with 17 firms and Iran with 12 firms.

Five firms from China, 4 each from Hong Kong, Japan, South Korea, Taiwan and UK, 3 each from Singapore and Thailand, 2 each from Australia, Bhutan, Italy, Malaysia, Spain and UAE, and one each from USA, Philippines and Denmark will take part in the DITF '98.

Some 343 firms of 24 countries, including the host Bangladesh, participated in the DITF '97.

Sources said the DITF '98 is expected to project the improvement of Bangladesh's exportable products to the visitors from home and abroad and to provide opportunities for the overseas participants to display

their advanced technology. All necessary preparations have already been completed except erection of pavilions, mini-pavilions and stalls, sources said.

At least 30 per cent of the local participants started erecting their stalls at the fair compound. EPB officials said some of the foreign participants also arrived in Dhaka and waiting for clearing their goods from the ports.

EPB is organising the self-financed trade fair for the first time. An estimated amount of Tk 3.78 crore will be spent for holding the fair while Tk 3.76 crore was already accounted for the EPB as income, sources said.

The major portion of the income about Tk 2.64 crore came from rent of the pavilions and stalls and Tk 90 lakh came as gate money. The gates have been leased out. Rest of the amount came from leasing out of car parking space and toilets.

Previous three DITFs were organised with partially or fully government grants.

The expenses of the first DITF '95 Tk 3.72 crore was fully financed by the government when the EPB provided the stalls to the foreign participants at free of cost.

Government also granted Tk 75 lakh for DITF '96 and Tk 47 lakh for DITF '97.

The 4th DITF '98 is scheduled to be concluded on March 21.

\$250m Chinese loan to Myanmar power project

BANGKOK, Feb 14: Myanmar and China have signed a 250 million dollar loan deal under which Beijing will provide funds for a badly needed hydroelectric plant for the military-run state, the media said yesterday, reports AFP.

The two sides Thursday signed a memorandum of understanding (MOU) to help launch the Paunglaung hydropower project near the city of Mandalay.

The deal was signed between the schemes operator, Myanmar Electric Power Enterprise and the Yunnan Machinery and Equipment Import and Export Corp.



Signing ceremony of a facility agreement between Bengal Indigo Group, ANZ Grindlays Bank and Arab Bangladesh Bank for setting a denim plant.

Bengal Indigo going to set up denim plant

The Bengal Indigo Group in line with its strategic objectives of expanding product lines and creating backward integration, is going to commence manufacturing of denim fabrics, says a press release.

A facility agreement between Bengal Indigo, ANZ Grindlays Bank and Arab Bangladesh Bank was signed Wednesday formalising the financial arrangements entered into the consortium scheme which is being strongly advocated by the Bangladesh Bank.

The Corporate Finance Unit of ANZ Grindlays Bank played a financial advisory role and assisted in arranging medium term and working capital loans aggregating approximately Tk 130 million for the project.

ANZ Grindlays Bank is also acting as the lead bank in the consortium and Arab Bangladesh Bank Ltd is the other participant bank in the syndication.

Bengal Indigo Ltd in the project worth about Taka 270 million will manufacture over four million yards of denim fabrics per year at a plant to be set up at Uttara, Dhaka. This will be the second denim plant in the country and is expected to go into production in October this year.

\$25m IFAD-fund for Palestinians

ROME, Feb 14: The International Fund for Agricultural Development (IFAD) moved to set up a fund that will funnel 25 million dollars in financial aid to farmers and fishermen in Palestinian-controlled areas, reports AFP.

The IFAD fund for the West Bank and Gaza Strip was unanimously approved by the 130-member nations of the special UN agency, which is holding its 21st governing council meeting in Rome.

"We are going to act quickly, and we hope to present to the IFAD council from April projects worth 25 million dollars" over three years, said Theodore Van Der Pluijm, Director of IFAD's Middle East section.

IFAD began operations in December 1977, financing agricultural projects in developing countries with a special focus on the rural poor.

But until now it could do nothing for areas under the jurisdiction of the Palestinian Authority, which lack the legal status of a sovereign state, let alone UN membership.

The new fund enables the IFAD to sidestep that obstacle, some four years after the Israeli-Palestinian accord that launched Palestinian self-rule.

Mohamed Hasani, the IFAD's project director for the Middle East, said the fund would extend credit, help rebuild irrigation and other infrastructure, and develop fishing off the Gaza Strip.

World markets

Performance of key international stock markets

Amsterdam AEX ▲ 973.05 0.2% 974.62	Milan MIB30 ▲ 19609 -0.2% 19577
Brussels BEL20 ▲ 2635.38 0.7% 2652.84	Paris CAC 40 ▲ 3178.70 0.3% 3187.73
Frankfurt DAX ▲ 4536.83 -0.8% 4502.48	Sydney ASX All Ordinaries ▲ 2674.3 -0.8% 2653.0
Hong Kong Hang Seng ▲ 10620.03 -3.3% 10274.60	Tokyo Nikkei ▲ 17174.93 -2.2% 16791.01
London FTSE 100 ▲ 5552.5 0.5% 5582.3	Zurich Swiss Market Index ▲ 6855.9 0.6% 6898.9

▲ Previous close
▼ Friday close
ne: not available e-ne: holiday

Proposed global investment accord US sees too many flaws

WASHINGTON, Feb 14: The United States is not ready to conclude lengthy negotiations on a global investment agreement by a scheduled April deadline, reports AP.

US Trade Representative Charles Barshefsky and Commerce Secretary William Daley said Friday that there are too many flaws in the proposed Multilateral Agreement on Investment to allow the United States to sign onto the deal in its present form.

"This agreement at this stage is simply not good enough," Barshefsky said. "It is going to require very substantial work to make this agreement one the United States would be comfortable in signing."

The proposed investment agreement, being negotiated by the United States and 28 other member countries of the Organization for Economic Cooperation and Development, is designed to provide new protections for the trillions of dollars in investments that flow across borders annually by making sure governments treat foreign and domestic investors equally. The deal is strongly supported by multinational corporations but is equally opposed by environmentalists, consumer groups and labour unions.

They charge the measure would open up to foreign challenges more stringent US laws protecting the environment and worker rights. In addition, various states have raised questions about whether state laws would be put at risk.

Opponents rallied on the steps of the Capitol this week in an effort to gain attention for the Paris negotiations, which have been going on largely unnoticed by the public since May 1995.

Protesters delivered hand-cuffs to congressional offices Friday to dramatize their belief that passage of the agreement would seriously hamper the ability of Congress to protect consumer health, the environment and worker rights.

"We are not going to let the MAI handcuff our democracy. That is why we oppose it," said Lori Wallach, director of public Citizen's Global Trade Watch.

Barshefsky refused to state US objections. However, the

draft proposed would outlaw use of the Helms-Burton law, passed by Congress in 1996 to tighten the US embargo on Cuba. It penalizes foreign companies that invest in or use properties in Cuba that were confiscated without compensation since the Cuban revolution in 1959.

Daley told reporters that given America's objections to the whole agreement as now written, "We will not be moving forward to change any of our laws to comply with what is now on the table."

Negotiators from the 29 nations are scheduled to hold discussions in Paris Monday and Tuesday to determine what to do next.

A year ago, faced with similar obstacles, the nations extended the negotiating deadline for another year. While that will be a possible outcome this time as well, Barshefsky said the United States had not made a decision yet. She said it was possible other OECD countries might proceed without the United States to try to wrap up a deal.

In South Korea, one of three Southeast Asian nations getting a multibillion dollar bailout, the stock market fell for the fourth straight day. This came as a threatened nationwide labour strike was called off for the moment.

In Indonesia, which also is getting international loans, criticism grew as the government examined pegging its currency to the US dollar. The rupiah at one point had lost more than 80 per cent of its value against the dollar since July.

Japan is a large creditor to those countries in turmoil in Southeast Asia and problems outside Japan's borders affect the already recessionary Japanese economy. Investors, without knowing any specifics about the upcoming fiscal stimulus package, had taken the yen higher on faith. That sentiment turned Thursday and seemed justified with Friday's events.

"Meanwhile, the underlying factors haven't changed and the precise details have yet to be learned," said Dennis Pettit, a foreign exchange manager at the New York branch of the Long-Term Credit Bank of Japan Ltd.

The dollar also was boosted by comments by a German central banker who said he was content with exchange rates and by traders' desire to have dollars as a safe haven in the event hostilities break out against Iraq.

Other late dollar rates in New York, compared with late Thursday, 1.4613 Swiss francs, up from 1.4531; 6.0940 French francs, up from 6.0619; 1.794 Italian lire, up from 1.786 and 1.4434 Canadian dollars, up from 1.4382.

The big turnaround was in the yen, Thursday, said Earl I Johnson, a foreign-exchange economist at the Bank of Montreal in Chicago. "The run-up for the yen is over... if the market is disappointed with the (fiscal stimulus) package next week."

In late New York trading, the dollar rose to 125.20 Japanese yen from 124.53 yen late Thursday. The dollar also was changing hands in New York at 1.8190 German marks, up from 1.8083.

The news in Japan Friday did not hearten investors. A day after Monday's Investor Services said that Japanese banks generally don't seem credit-worthy, the service downgraded one bank and put three others under review for possible downgrading.

Also in Japan, government data showed that household spending in December was down 5 per cent from the year before, the largest such fall since 1974. The main Japanese stock index fell 2.23 per cent and Hong Kong's index was off 3.25 per cent.

US-Iraq row

Oil prices increase

NEW YORK, Feb 14: Crude oil prices reversed a four-session slide Friday as President Bill Clinton said he wouldn't let Russia's objection stop a US attack on Iraq, says AP.

Crude oil for March delivery closed up six cents a barrel at 16.02 dollars on the New York Mercantile Exchange, following four straight days of declines that brought the price near its three-year low of 15.70 dollars in late January.

With little sign of a breakthrough in the diplomatic front, Clinton said "I hope and I pray" that Iraqi President Saddam Hussein gives up his resistance to unlimited UN weapons inspections. Otherwise, he said, a US-led military operation will "significantly diminish" Iraq's ability to regenerate the arsenal of doomsday weapons it was developing at the time of the Gulf War.

A day after Russia's defence minister publicly rebuked the United States for threatening Iraq, Clinton said the he respects Moscow's view but added, "Nyet" is not 'no' for the United States under these circumstances.

Heating oil gained 0.15 cents to 44.72 dollars a gallon, while unleaded gasoline rose 0.08 cent to 49.56 cents a gallon.

Natural gas prices were lower, with contracts for delivery in March settling at 2.20 dollars per 1,000 cubic feet, down 80 cents.

In London, North Sea Brent Blend crude oil settled at 14.85 dollar per barrel at the International Petroleum Exchange, up 9 cents.

Dollar gains against major currencies

NEW YORK, Feb 14: The dollar gained against the Japanese yen and other major currencies Friday as investors found new reasons to take a dim view of Japan's ability to cure its economic ills, reports AP.

The dollar regained momentum Thursday against the yen after investors had spent weeks gleefully expecting Japanese officials to mount a credible fight to revive their sagging economy. Market rumormongers and comments by US Treasury officials Thursday dampened expectations that investors would like the fiscal stimulus package Japan unveils Feb 20.

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Dhaka int'l trade fair opens Feb 22

364 firms likely to participate

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The 4th DITF '98 is scheduled to be concluded on March 21.

Wage compromise puts an end to Sri Lankan tea strike

COLOMBO, Feb 14: Sri Lanka's tea workers Friday ended a strike that fuelled world tea prices after agreeing a compromise on their wage demands following talks with President Chandrika Kumaratunga, officials said, reports AFP.

The influential Ceylon Workers Congress (CWC) called off the nine-day work stoppage by half a million workers accepting a small-wage increase that is partly tied to world tea prices, officials said.

There were lengthy talks between the unions and the management. The president was able to bring about a compromise, an official source said adding both parties would now enter into a fresh agreement.

Under the deal hammered out Friday, the basic salary of tea workers will be increased from 83 rupees to 95 rupees.

They will also be given a price-share bonus which at current world market prices will be

another six rupees adding up to a take-home pay of 101 rupees.

Earlier the unions had held out for a basic wage increase from 83 rupees to 105 rupees, or a 26.5 per cent rise which the management said would drive them to bankruptcy when tea prices go down from current high levels.

Workers in the rubber sector too will get a higher wage that will be tied to the weekly auction prices for rubber, officials said.

Trade sources said tea owning companies and union leaders have been holding unofficial talks over the past week to break a deadlock after a settlement brokered by Labour Minister John Senewiratne was rejected by management two weeks ago.

CWC leader Saumyamoorthy Thondaman, who is also a cabinet minister, met with Kumaratunga on Sunday to get the government to pressure private owners to agree to the wage increase.

They conveyed the proposal through the region's representative in the IMF, Zamani Abdul Ghani, the fund's executive director.

Bank Indonesia governor Soedradjat Djiwandono told journalists that although the IMF had already shown some flexibility, it might not be enough for the troubled economies to cope with, for example, exchange rate volatility.

"I think the IMF has been showing a little bit more flexibility but whether that flexibility is enough to face the very dynamic situation right now we are experiencing is part of the question," Djiwandono said.

He was speaking on the second and final day of the 33rd conference of the governors of Southeast Asian central banks. The IMF had put together multi-billion-dollar bailout packages for Thailand, Indonesia and South Korea — the nations worst affected by financial turmoil following an erosion in their currencies' strength against the US dollar.

The central bank governors were due to release a communique at the end of their talks later today.

On Friday they opened talks with a plea to the Group of Seven (G7) industrial nations to help their countries overcome financial turmoil, as most regional currencies were hit by fresh weakness.

G7 finance ministers and

Dell declares

greater interest in Bangladesh

Star Business Report

One of