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# The Daily Star BUSINESS

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**HYUNDAI**

CARS THAT MAKE SENSE

## Bangladesh-German Business Forum gets licence to operate

Government has issued a licence to Bangladesh-German Business Forum for operating businesses in Bangladesh, reports UNB.

The licence was issued on Thursday when German Ambassador Uwe W. Schramm met with Commerce Minister Tofael Ahmed here seeking government permission for the BGBF to function temporarily.

The permission was granted instantly for the Forum to function permanently in Bangladesh, according to an official handout.

The envoy appreciated the promptness of Bangladesh government in expanding private sector initiatives for developing trade and investment.

He said Germany is concentrating on the development of economic relations with Bangladesh.

The minister requested the ambassador to use his good office in encouraging more German investors to invest in Bangladesh.

He hoped that with the formation of BGBF, long-standing friendly relations between the two countries, particularly in the field of trade and investment, would be strengthened further.

## CSE ready to launch screen-based automated trading next week

Screen-based automated trading is being introduced at the country's stock exchanges soon with the hope of bringing about transparency, building up investors' confidence and vitalising the nascent capital market.

The Chittagong Stock Exchange born two and a half years ago is taking the lead in modernising the trading system which is expected to be operational in about a week's time while the 55-year-old Dhaka Stock Exchange expects to go into automation within the next few months.

Amir Khasru Mahmud Choudhury, President of the Chittagong bourse told UNB that his organisation completed all preparatory work to begin screen-based trading replacing the conventional open outcry system and established the communication network to extend automatic trading facilities to the major cities of the country.

Stock brokers representing investors and share traders would be able to participate in day-to-day trading in securities

not only on the CSE floor but also from their own locations anywhere in the country. CSE trading and settlement offices equipped with computer operated network have already been installed in Dhaka and Sylhet by an American telecom equipment manufacturer to facilitate instant data exchange. A mobile-stock service installed by TELEKOM, Malaysia will enable the clients to get instant information on market condition while out of their office.

"We have plans to bring the whole country under the CSE trading network gradually and with the legal complications sorted out in the near future, investors from outside the country particularly the Bangladeshi expatriates will also be able to buy and sell shares on-line real time basis in the Chittagong Stock Exchange," Mahmud informed.

Early this month, the Chittagong Stock Exchange organised demonstrations on the screen-based trading system and on long-distance participa-

tion to familiarise its members, brokers and others interested in stock-market with the operation and benefit of the new technology.

The benefits of automation, which the government is also keen to see established as soon as possible would be far-reaching and would proliferate all over the country, he said.

Mahmud who is the founder president of the Chittagong bourse and a Member of Parliament said with a view of realising the desired objectives in the financial sector, a Central Depository System was essential for which he moved a bill in the parliament recently.

The Security and Exchange Commission, which is a regulatory body of the stock exchanges, is also working out necessary legislation to be enacted for setting up a Central Depository System seeking to bring transparency in stock trading and facilitate quick settlement of accounts by discouraging fraud, undue manipulation and preventing the growth of illegal kerm market. He also informed that the Chit-

tagong Stock Exchange procured quality software which would ensure protection from fraud and malpractice.

The Central Depository System which is in existence in Bombay, Colombo and Karachi functions like a clearing house of a central bank where inter-bank transactions are settled.

The System will likewise update records and settle the accounts of brokers who transact securities business on behalf of investors and share traders dispensing off the need for physical handling of scribs.

The sooner the Central Depository System is established, the better it is for the stock exchanges, retail and institutional investors as well as the capital market of the country," Mahmud said.

With the automation programme fully operational including the Central Depository System and a fixed accounting system, a giant leap forward would have been taken towards developing a sound and credible capital market, he said.

## Fifth Five Year Plan Govt wants to generate 5875 MW power

The government has a plan to increase power generation capacity by 3319 MW with the investment of about Taka 100 billion by the year 2002, reports BSS.

The Fifth Five-Year Plan (FFYP) (1997-2002), which was released on Thursday said a huge investment can only be possible if the private sector power investors participate in the power generation.

The installed capacity in the power supply system will rise to 5875 MW with the addition of power generation capacity of 3319 MW, the FFYP said.

The FFYP pointed out that the government had already undertaken eight power projects with a power generation capacity of 1380 MW in the public sector during the fifth plan period.

Besides, seven power projects with a generation capacity of 1930 MW would be implemented by the private sector during the same period, it added.

The FFYP said power being the basic infrastructure for higher level of economic growth, the high demand fore-

cast of 4051 MW by the terminal year of the fifth plan has been envisaged.

To meet the demand, public sector investment will not be adequate, the FFYP said adding considerable private investment will be needed.

The eight power projects undertaken under the public sector are 210 MW Ghorashal Thermal Power Station extension (6th unit), 210 MW Siddhirganj Thermal Power Station, 109 MW Haripur Combined Cycle Power Plant, 60 MW Shahjibazar Gas Turbine, 210 MW Chittagong Thermal Power Station (2nd unit), Sylhet 90 MW Combined Cycle Power Plant (2nd unit), Barapukuria 300 MW coal based Thermal Power Station and East Zone 200 MW Gas Turbine.

The FFYP said if the private sector does not come forward in time, the government will go for alternative ways and means in the shortest possible time to meet the anticipated demand.

## GMG Airlines starts operation to Jessore

Star Business Report

GMG Airlines started its operation to Jessore from Thursday.

It will fly once daily to Jessore, says a press release.

The airlines has a plan to increase the frequency to Jessore and also twice daily from Jessore to Chittagong and back within the next few days.

The private one in Bangladesh inaugurated by Prime Minister on the 6th of this month.

## SingTel, Citibank launch credit & calling card

SINGAPORE, Apr 24: Singapore Telecom and Citibank introduced the region's first credit and international calling card in one, a newspaper reported Friday, says AP.

Aimed at international travellers, the card is expected to boost SingTel's calling card revenues by 10 per cent, said the company's international voice service director Chan Yim Leng.

The card works like any other credit card with the added benefit that it can be used by travellers to call from abroad and be billed at home, Straits Times reported.

The card would take advantage of the increase in international calls made from hotels and charged to credit cards.

Singapore Telecom earns most of its income from international calls. Traditionally high, the charges have been gradually dropping as competition increases from "call-back" services and electronic mail.

Citibank said "great potential" in the partnership, said the bank's business director Edmund Koh. He said he expects about 20,000 card users in the first year.

## Iraq-Syria free trade zone to open Apr 28

BAGHDAD, Apr 24: Iraq and Syria are to open a free-trade zone on Tuesday to coincide with President Saddam Hussein's birthday, the weekly Al-Zawra reported yesterday, reports AFP.

The zone for electrical goods, carpets and furniture will cover an area of 1,500 square metres (16,000 square feet) near the border town of Al-Qaim, the project's director, ABD Nema Saghir, told the weekly.

He said it would be open for Iraqi and Syrian traders but only for deals conducted in foreign currencies.

Iraq and Syria broke off diplomatic relations in 1980, but their border was reopened for trade last June under a UN oil-for-food accord, sanctions-hit Baghdad is allowed to import humanitarian goods.

## Saudi bourse continues its upward trend

RIYADH, Apr 24: The Saudi stock market, the largest in the Arab world, has continued its upward trend and closed 1.8 per cent higher on Thursday at the end of an active week, says AFP.

Bakheet financial advisors said the all-shares index climbed to 174.62 points, compared to 171.52 on April 16.

The index is now 10.8 per cent lower than at the start of the year, it said, although it has risen for two consecutive weeks since the Muslim holidays of Eidul Azha early April.

In 1997, Saudi shares surged 28 per cent.

Bakheet said 14.56 billion shares — valued at 2.365 billion riyals (630 million dollars) — changed hands over the last trading week. In value terms, trading increased by 63 per cent over the previous week.

## Reforms of state firms 14m workers laid off in China

BEIJING, Apr 24: Fourteen million Chinese workers have been laid off as part of reforms of state firms, and the unemployment rate has climbed to five per cent, the official press reported yesterday, says AFP.

The 14 million included some workers who were still counted as unemployed although they may have found new jobs, the China daily reported.

Song Changqing, deputy director general of the employment department of the state statistics bureau, said 8.6 million workers were known to be out of work and receiving minimum pay.

Song said the real unemployment rate was close to five per cent instead of the 3.1 per cent announced at the end of last year. Some 110 million Chinese are employed by state firms.

"Things will be hard if the rate goes beyond six per cent, because China lacks a sound social insurance system," Song was quoted as saying.

He added that the rate would go above five per cent in coming years "but that is unlikely to incur social instability."

On top of redundant state workers, China had another 5.5 million unemployed workers in its main cities. The unemployment rate does not cover rural areas but the authorities admit there is a "floating population" of at least 120 million peasants in major cities looking for work.

Song said there was a huge labour reserve that would have to accept there was no full time employment and that the country would have to allow job sharing.

On Tuesday, professor Hu Angang of the Chinese Academy of Sciences estimated the real number of unemployed at 15 million people and that it would rise to between 15 million and 18 million people in 1999.

He told the world economic forum in Beijing the unemployment rate would be between eight and nine per cent in 1999.

## BRDB distributes Tk 916 cr loan

Bangladesh Rural Development Board (BRDB) has so far distributed Tk 700 crore as agriculture loan and Tk 216 crore as term loan among the people, reports UNB.

This was informed at a meeting of Parliamentary standing committee on LGRD and Cooperatives Ministry held at the Sangsad Bhavan on Thursday.

Committee chairman Abdul Mannan presided.

The activities of BRDB, Bangladesh Academy for Rural Development, Comilla, Rural Development Academy, Bogra and Directorate of Cooperatives came up for discussion in the meeting.

It was informed that there are about 1.42 lakh cooperative associations in the country.

Bangladesh Rural Development Academy in collaboration with UNICEF has trained 550 leaders from Chittagong Hill Tracts on coordination management socio-economic development, health and education.

Committee members LGRD and Cooperative Minister Zilur Rahman, Advocate Rahmat Ali, Whip Mujibur Haque and Dr Rustam Ali Farazi attended the meeting.

State Minister for Energy and Mineral Resources Prof Rafiqul Islam was present on special invitation.

Rural Development and Cooperatives Secretary Syed Margub Morshed and concerned officials were present.

## Four Japanese automakers cut 4300 jobs

TOKYO, Apr 24: Hurt by slumping sales in their home market, Japan's four largest automakers said Friday they have cut 4,300 workers from their payrolls, reports AP.

The biggest cuts were made by market leader Toyota Motor Corp which said it has trimmed its workforce at factories in Japan by about 1,800 employees since March.

Another 1,500 jobs could be cut by fall if domestic sales fail to pick up, the automaker said.

"We can't tell whether demand will pick up or keep dropping," said spokeswoman Ririko Takeuchi.

The company stressed that those cut had been hired to short-term contracts and were not among Toyota's more than 60,000 regular employees. Male employees at large Japanese companies have traditionally enjoyed an implicit guarantee of lifetime employment.

The cutbacks were made by releasing the workers as their contracts expired.

While Toyota saw domestic sales drop by 16 per cent in March, the world's third-largest automaker said the situation is not dire enough to force it to lay off regular employees. Robust sales in North America have helped offset the slump.

Honda Motor Co said it has made similar reductions, cutting 1,200 contract employees since December as it has pared back production at factories in Japan by 15 per cent.

"We are adjusting to a shrinking market. We're not in a position to keep employing these people," said Honda spokesman Kazuaki Ota.

No 2 Nissan Motor Co said it has let go 700 contract workers this year, and Mitsubishi Motors Corp said it has cut 600 jobs.

This is the second time Japanese automakers have trimmed their workforces since the economy entered a stubborn slump in 1990. The first wave of cuts came in 1993.

At that time, Toyota eliminated 2,800 jobs and Nissan cut about 5,000. Nissan also closed its sprawling auto-assembly plant in Zama, just outside Tokyo, in the first such shut-down since World War II.

## Asian turmoil to cut world output by 1 percentage point Growth in South Asia to expand by 6.4 pc this year, says ADB

MANILA, Apr 24: The Asian financial crisis is projected to cut world output by one percentage point this year, with Southeast Asia posting negative growth and newly industrialised economies suffering a drastic decline, the Asian Development Bank (ADB) said yesterday, reports AFP.

"Forecasts suggest that in 1998 the Asian financial crisis will cause a slowdown in world growth by about one percentage point, and in trade by about half a percentage point," the Manila-based multilateral institution said in its 1998 annual development outlook.

For this year, the Asian turmoil is projected to slash the growth of the United States, the European Union and developed economies by less than one percentage point and that of Japan by 1.5 percentage points, it said.

Four Southeast Asian countries — Indonesia, Malaysia, the Philippines and Thailand — as well as newly industrialised nation South Korea have been the hardest hit by the crisis, which broke out in July 1997 when Thailand effectively devalued its currency.

Jakarta, Bangkok and Seoul have sought more than 100 billion dollars in aid from the International Monetary Fund (IMF) to rescue their crumbling economies. The bailout packages are tied to sweeping financial reforms in these countries.

The five affected countries account for 20 per cent of

Japan's and Australia's exports, eight per cent of the United States exports and three per cent of Europe's exports," the ADB said.

"Measured by a more relevant yardstick, exports to the affected countries account for 2.8 per cent of Australia's GDP (Gross Domestic Product), 1.7 per cent of Japan's GDP, 0.7 per cent of the United States' GDP, and 0.6 per cent of Europe's GDP," it added.

Growth in formerly high-flying Southeast Asia is forecast to fall into negative territory.

The region's collective GDP growth, excluding Singapore, is projected at negative 0.4 per cent this year as the crisis makes its full impact, from plus 3.9 per cent in 1997 and 7.1 per cent in 1996.

Southeast Asia, comprising Myanmar, Cambodia, Indonesia, Laos, Malaysia, the Philippines, Thailand and Vietnam, is expected to recover and grow by 2.4 per cent in 1999.

However, "recovery to pre-crisis GDP growth rates and per capita income levels will take a number of years," ADB said.

Newly industrialised economies — Hong Kong, South Korea, Singapore and Taiwan — are forecast to grow at 2.2 per cent this year, a far cry from 6.0 per cent in 1997 and 6.4 per cent in 1996.

South Korea is expected to post a growth rate of negative

one per cent.

Asian behemoth China, which has remained unscathed so far by the crisis, is to grow by 7.2 per cent this year and 6.8 per cent in 1999 on weakening domestic demand and a projected decline in export growth due to the Asian crisis and Japan's torpid economy, ADB said.

South Asia — Bangladesh, Bhutan, India, the Maldives, Nepal, Pakistan and Sri Lanka — is to expand by 6.4 per cent this year and 6.7 per cent in 1999.

The ADB called on the international community to devise a satisfactory response to the lingering turmoil of the region that will also further undermine the growth momentum in the rest of the world.

It reminded affected countries that a prerequisite to economic recovery was adherence to the tough, and often bitter, structural reforms required by the IMF to strengthen their financial systems and improve corporate governance.

While Thailand and South Korea have agreed to implement such reforms, Indonesia has been perceived to be dragging its feet.

The ADB said risks remain, especially in how Indonesia and South Korea deal with their private sectors' maturing large external debt. This "will inevitably determine these economies' performance," it said.

## Asian stocks close week mixed

HONG KONG, Apr 24: Asian stock markets ended the week mixed Friday, with share prices rising in Tokyo but falling in Hong Kong, says AP.

Japanese shares were boosted by Finance Minister Hikoichi Matsunaga's comment earlier Friday that the government's latest economic package would include a pledge to look at making expected one-time tax breaks permanent.

The benchmark Nikkei Stock Average of 225 selected issues rose 249.55 points, or 1.58 per cent, closing the week at 16,011.24 points. On Thursday, the average rose 0.15 points, negligible in percentage terms.

Buying by public funds pushed the Nikkei by more than 400 points early in the afternoon, but some selling of blue chip stocks trimmed some of its early gains toward the closing bell, traders said.

Meanwhile, the US dollar was quoted at 129.78 yen, down 0.76 yen from late Thursday in Tokyo and also below its late New York rate of 130.18 yen overnight.

Share prices in Hong Kong closed generally lower for the second straight day in this market.

The Hang Seng index, the Hong Kong market's key indicator of local sentiment, fell 30.01 points, or 0.3 per cent, closing at 10,879.93. On Thursday the index had lost 58.53 points.

Brokers said share prices opened lower in reaction to an overnight slump on Wall Street, but that futures-related buying in the afternoon erased some of the earlier losses.

They said trading remained light as many investors continued to stay on the sidelines because of the uncertain economic outlook for the region.

## Minister tells conference Indian govt won't allow monopoly in any sector

NEW DELHI, Apr 24: Indian Finance Minister Yashwant Sinha today said the government would not allow a monopoly in either the public or the private sector, reports AFP.

Sinha told a conference on the "Agenda of the new government" here that "days of licences and quotas are over... we must work in a free atmosphere."

India began a liberalisation programme in June 1991 and since then the free-market reforms have attracted more than 20 billion dollars of foreign investment.

The reforms have slowed in recent years, however, as concerns have risen that Indian industry, much of it nationalised, could be swamped by overseas competitors.

State-run companies still continue to dominate the economy spanning sectors such as telecommunications, aviation, defence, shipping, banking, insurance and power.

Sinha, a member of a Hindu nationalist led government, said there was a tremendous interest among foreign investors to invest in India "to help achieve a growth rate of eight per cent or more."

There are certain critical areas where foreign direct investment can play a crucial role.

He told the Indian industry to evolve a "consensus within itself on economic issues so that a national consensus on economic policies could be built

up."

The Indian industry has been divided over the issue of free-market reforms as some businesses have called for more protectionism while others want further dismantling of government controls.

Sinha, unveiling an interim budget last month, said the economic growth during fiscal 1998 would be five per cent rather than the seven per cent forecast by the previous coalition government.



Japanese Prime Minister Ryutaro Hashimoto (center) takes a deep breath before answering a question after the government panel for reviewing fiscal austerity policy at Hashimoto's official residence in Tokyo on Friday. — AP/UNB photo

## Japan announces \$127 b package to revive economy

TOKYO, Apr 24: Japan's government took a major step Friday to revive its stagnant economy, adopting a 16.7 trillion yen (\$127 billion dollars) stimulus package of public works projects and tax cuts, reports AP.

The long-awaited plan the largest ever in Japan — includes 12 trillion yen (92 billion dollars) in spending to boost domestic demand, up from prime Minister Ryutaro Hashimoto's earlier proposal of 10 trillion yen (77 billion dollars).

A two trillion yen (15 billion dollars) temporary tax cut will be spread over this year and next to boost consumption. That would put an extra 29,000 yen (225 dollars) in the average taxpayer's pocket.

The package, approved by the Cabinet on Friday evening, was seen as crucial to restoring faith in the slumping Japanese economy. Disappointment with the measures would likely weigh on the yen and drive Japan's already struggling stock market even lower.

Finance Minister Hikoichi Matsunaga said the stimulus package was a "necessary and sufficient" step to boost the economy.

The Economic Planning Agency said it estimates conservatively that the package will add roughly two percentage points to economic growth over a one-year period, starting around this summer.

Tokyo has been under in-

creasing pressure from the United States to prop up its economy by boosting domestic demand rather than relying on exports. US officials also argue a strong Japan is needed to help soothe the financial crisis in Southeast Asia.

Praising the package, Koichi Kato, secretary-general of Hashimoto's ruling Liberal Democratic Party told reporters that it "would surprise even (US Treasury Secretary Robert) Rubin."

Earlier Friday, a government panel decided to delay cutting the burgeoning budget deficit — a main aim of Hashimoto — to free up more money for spending to jump-start the economy.

## Exchange Rates

Following is the Friday's forex trading statement by Standard Chartered Bank, Dhaka.

Central Bank USD/BDT Rate: Buying-BDT46.15/Selling-BDT 46.45

TT/OD	BC	Currency	Buying		
			TT Clean	OD Sight	OD Transfer
46.5100	46.5500	USD	46.1150	45.9550	45.8400
78.0438	78.1109	GBP	76.6892	76.4232	76.2319
26.0560	26.0784	DEM	25.5343	25.4457	25.3400
0.3601	0.3604	JPY	0.3514	0.3501	0.3493
31.5108	31.5379	CHF	30.8049	30.6981	30.5600
23.1278	23.1477	NLG	22.6944	22.6156	22.5258
29.5677	29.5931	SGD	28.9122	28.8119	28.6859
7.7517	7.7583	FRF	7.6337	7.6072	7.5844
32.7535	32.7817	CAD	32.0021	31.8910	31.7452
6.0861	6.0913	SEK	5.9804	5.9597	5.9424
30.7431	30.7696	AUD	29.6058	29.5031	29.2918
12.7250	12.7360	MYR	11.9006	11.8594	11.8388
6.0098	6.0150	HKD	5.9427	5.9220	5.9095
12.4692	12.4799	SAR	12.2289	12.1864	12.1656

Usance Export Bills

TT DOC	30 Days	60 Days	90 Days	120 Days	180 Days
46.015	45.731	45.352	44.9162	44.4425	43.3183

Exchange Rates of Some Asian Currencies Against US Dollars

Indian Rupee	Pak Rupee	Thai Baht	Malaysian Ringgit	Indonesian Rupiah	Korean Won
39.69/71	44.24/28	38.78/88	3.76/7650	7850/7950	1362/66

US Dollar Labor

Cash	Notes	1 Month	3 Months	6 Months	12 Months
46.05	46.6	USD 5.65625	5.6875	5.78125	5.91797

INDICATIVE FORWARD COVER SELLING RATES AGAINST TAKA

	1 Month	2 Months	3 Months	4 Months	5 Months	6 Months
USD/BDT	46.69	46.90	47.11	47.32	47.53	47.74
GBP/BDT	77.93	78.18	78.44	78.69	78.94	79.20
DEM/BDT	26.07	26.23	26.39	26.59	26.71	26.87
CHF/BDT	31.47	31.72	31.97	32.22	32.48	32.73

Market Commentary

The local foreign exchange and money markets were closed on Friday. Last week demand for the US dollar was high against Taka due to huge import payments and it was said to have ranged between Taka 46.4460 and 46.4750 in the interbank market. Commercial banks preferred buying US dollar funds from the interbank market at higher rates than buying it from the central bank. The call money rate was reported to have ranged between 9 and 12 per cent from Sunday to Tuesday, but on Wednesday it dropped to as low as 7 per cent on maturity of treasury bills worth Taka 4.14 billion and on Thursday it jumped to as high as 14 per cent due to payment of treasury bills worth Taka 5.42 billion. The market will resume operation on Sunday.

In the international markets the US dollar remained under pressure against the Japanese yen, despite unattractive Japanese stimulus package announced on Friday which did not include any permanent income tax cuts, due to fears on intervention by Bank of Japan. On the other hand, dollar remained range bound below 1,800 DEM level on expectations that Bundesbank will raise DEM interest rates.