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The Daily Star BUSINESS

DHAKA FRIDAY, JULY 24, 1998

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FBCCI polls schedule announced

Star Business Report

The schedule for election to the executive committee of the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) was announced yesterday.

The election of the executive committee for the term 1998-99 and 1999-2000 will be held on October 15. A preliminary voters' list would be published on August 20 and a final list would be announced on September 1. After scrutinizing the nomination papers, the final list of candidates would be published on September 23, which is also the last date for withdrawal of nominations.

Voting will take place from 9.30 am to 4.30 pm with an hour break from 1.00 pm.

The final results would be officially announced on October 21.

BSB recovers Tk 96 cr

Star Business Report

Bangladesh Shilpa Bank (BSB) regularised Tk 270 crore by way of rephasing/restructuring and recovered Tk 96 crore in the year 1997-98.

Managing Director of the bank, Md Enamul Huq Chowdhury, disclosed this at a day-long conference of the bank's officials.

Detailed action programme for recovery of loans for the year 1998-99 was determined at the conference.

The conference of the senior officials of the head office and zonal and branch heads of BSB was held in the city yesterday.

Md. Matur Rahman, Chairman, BSB Board of Directors, formally inaugurated the conference which was presided over by the Managing Director.

In his speech, Rahman underscored the role of BSB in industrial development of the country. He exhorted the officials to be dedicated and sincere and advised them to take all-out efforts to increase the income of the bank through diversification of activities.

In order to achieve the objective of industrialisation, he urged the officers and employees of the bank to discharge their responsibilities keeping national obligations in mind.

Md. Enamul Huq Chowdhury in his speech gave a full picture of the present position of the bank.

He advised the bank officials to put maximum efforts to raise fund through deposit collections and recovery of overdue loans from the defaulting borrowers.

ACI declares 30 pc dividend

Star Business Report

The 25th annual general meeting of Advanced Chemical Industries (ACI) Limited declared a 30 per cent dividend for its shareholders.

The meeting was held here yesterday with M Anis ud Dowla, Chairman and Managing Director of the company, in the chair, said the firm in a press statement.

However, the sponsor directors decided to withhold encashment of their dividend for at least one year.

The meeting adopted resolution for raising the paid up capital by issuing 7.35 million ordinary shares of Tk 10 each. The shares will be available at Tk 20 each, including a premium of Tk 10 in the ratio of 1:1.

The company's contribution to the national exchequer is over Tk 140 million which is 5 per cent higher than 1996 amount.

The meeting was informed that the company's sales grew by more than 31 per cent while profitability increased by nearly 169 per cent. Earnings per share have gone up by 124.70 per cent.

Pharmaceuticals also — the core business of the company — increased by 28 per cent while the industry growth rate as per IMS study was 20 per cent.

A total of 14 products were introduced in 1997, it said.

Workshop on EMU held

Standard Chartered Bank organised a workshop on European Monetary Union (EMU) for the interbank foreign exchange dealers in the city yesterday, says a press release.

The main speakers were SAA Masrur, Head of Corporate Banking and Francis Rozario, Chief Dealer, Standard Chartered Treasury.

SAA Masrur, also the EURO Co-ordinator for Bangladesh, highlighted basic issues of the EMU. He discussed different criteria of joining the EMU, interest rate, process of monitoring the system etc.

While Francis Rozario emphasised on the treasury aspect of conversion, corporate customer related issues and long term impacts of EURO and how treasury divisions of banks can operate within the new system.

Jamuna, Mobil to sign deal on LPG bottling plant

From Nurul Alam

CHITTAGONG, July 23: The state-owned Jamuna Oil Co is to sign a joint venture agreement on Sunday with American Mobil company to set up a plant in the port city for bottling LPG (liquid petroleum gas) and producing lubricants, official sources said.

Mobil is expected to invest 25 million US dollars in the joint venture plant to be installed at Patenga over 13 acres of land owned by the Jamuna Oil Company, the sources added.

Jamuna Oil completed all formalities after it received ap-

proval from the government recently to facilitate the signing of agreement for installing the plant. The plant will have a capacity of bottling 50 thousand metric tons of LPG per annum side by side producing 20 thousand tons of high-grade lubricating oil for the local market, said a concerned official.

The works to build the plant will begin shortly after the signing of the deal on July 26. The production in the plant will start by the end of 1999, he said.

Mobil, which will enjoy 75 per cent share of the plant, is

meant to provide the technology, while Jamuna will own 25 per cent share and provide the land, the official informed.

On behalf of Mobil Asia, Pacific, its Bangladesh chief Daniel McDormont and for Jamuna, its general manager SM Gias Uddin Ahmed, are expected to sign the deed, the sources said.

The companies earlier signed the memorandum of understanding (MOU) on this effect on November 96. But getting the government approval was delayed due to bureaucratic red-tapism, sources alleged.

KPCL likely to produce power from third week of Aug

KHULNA, July 23: The barge-mounted power plant now under installation at Goalpara near Khalishpur industrial area is expected to go into production in the third week of August, reports BSS.

The 120-million US dollar power plant with a production capacity of 108 megawatt is being installed under private initiative by Khulna Power Company Limited (KPCL) under an agreement with Bangladesh government signed on October 16, 1997 for 15 years.

Tiger-one and Tiger-three diesel power units have already been installed near Goalpara power centre.

KPCL sources said Prime Minister Sheikh Hasina is scheduled to inaugurate the barge-mounted power plant on August 20 next. She laid the foundation of the plant on December 5, 1997.

It is expected that power crisis in greater Khulna region will ease when the barge-mounted power plant goes into production.

Two ROK trade events in Sept

Korea Trade Center, Dhaka (KOTRA) is organising trade delegations to participate in two successive trade events in Korea, says a press release issued here yesterday.

The first events are 98 Seoul Int'l Machinery and Plant Trade Week scheduled to be held from September 24 to 28 and Kyungbuk Province Trade Meeting to be held from September 29 to October 2.

More than 2,000 Korean companies are expected to take part in these events.

The package for the two delegations includes individual business meeting arrangement with translation, quick customs clearance, hotel reservation, in-land transportation, etc.

'Govt to formulate laws to restore bank discipline'

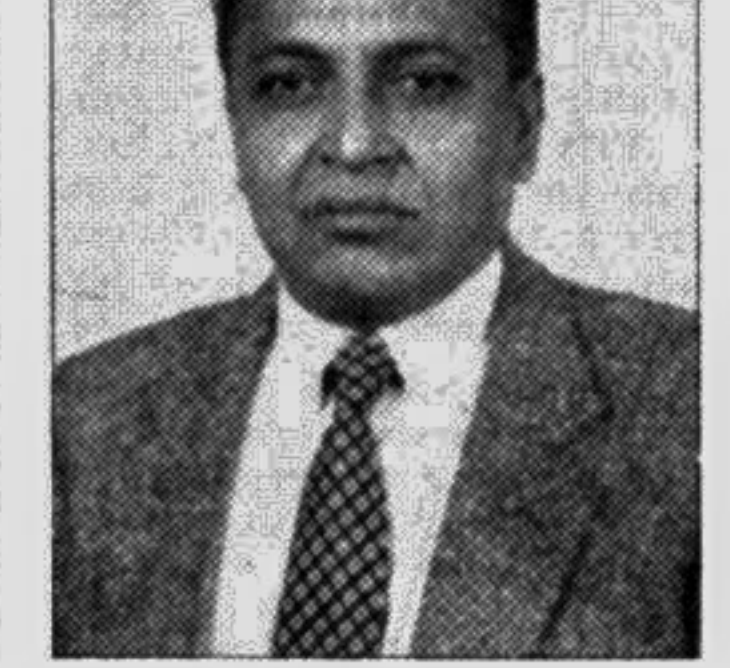
SYLHET, July 23: The government will formulate necessary laws to restore discipline in banks and other financial institutions with a view to stimulating the country's economy, reports UNB.

Foreign Minister Abdus Samad Azad said this while inaugurating the new branch of Al-Arafah Islamic Bank today.

Urging the banks and other financial institutions to create employment opportunities by providing loans to the unemployed youths, he said the government has taken up a plan to set up an employment bank.

Administering a note of warning against loan defaulters, the minister said after taking loan one should repay it in due time as the money belongs to the people.

Chairman of the Board of Governors of the Al-Arafah Bank AZM Shamsul Alam and Executive Director Abul Ahad were present, said an official handout.



Arshad Ali

New office-bearers of Packaging Industries Assoc

Star Business Report

Mohd Arshad Ali and Md Ahsanullah have been elected president and secretary respectively of the Packaging Industries Association of Bangladesh.

The association at its annual general meeting held on Tuesday elected the office-bearers, said the organisation in a press statement.

Other newly elected office-bearers are: Waged Ali and Mahbubul Alam Tara — vice-presidents, Mainul Huq Khan — joint secretary, Mashur Rahman — publicity secretary and M Shahjahan Hafiz — treasurer.

The meeting was presided over by Mohammad Arshad Ali.

'Early export-led recovery of Asian economies unlikely'

HONG KONG, July 23: Shrinking regional trade flows point to deepening recession in Asia and make an export-led recovery unlikely anytime soon, economists said, reports AFP.

At the onset of the region's financial crisis last summer, economists expressed confident the sharp depreciation in local currencies would boost exports and help spur a quick turnaround.

But one year later analyses see little hope of a swift recovery.

Investment house Salomon Smith Barney said in its latest report trading activity in Asia was still declining rather than increasing on the back of devalued currencies.

In the first four months of this year Asian trade flows, excluding Japan, fell 7.4 per cent. Imports fell 16.3 per cent and exports were stagnant.

The region's combined trade balance showed a surplus of 37 billion US dollars in the first quarter, compared with a deficit of 14 billion in the same period of last year, reflecting domestic demand for imports.

Salomon's head of Asia economics research Guonan Ma said the statistics were alarming as 36 per cent of the region's trade is within Asia's borders.

"We see a regional recession this year, some countries may get back into positive territory next year, but any recovery will be tentative and fragile," Ma

said. "A high-level of intra-regional trade flows further aggravates the contagion of trade contraction around Asia," he said.

Much of the stagnation in trade comes from weak domestic demand but exporters also face a string of other woes, including difficulty obtaining trade finance and falling international commodity prices hitting the value of agricultural goods.

"It is hard to see how Asia can recover without there being good markets for its exports," said Eugene Galbraith, head of research at ABN-AMRO Asia.

"So much of Asia's trade is intra-regional the disappearance of those markets means

Asia still shows no clear sign for recovery

WASHINGTON, July 23: Unsettled Asian economies continue to weaken and there is no clear indication when they will begin to recover, Federal Reserve Chairman Alan Greenspan warned here, reports AFP.

"The evidence we have to date as yet shows no evidence of stabilisation," Greenspan told the House Banking Committee on the second day of his semi-annual testimony to Congress on US economic prospects.

"The most recent data still exhibit deterioration,"

the outlook is quite bleak," he said.

Economists say revamping the financial system and boosting liquidity is one of the keys to re-igniting Asia's economic growth.

But Galbraith also warned that without action to alleviate many countries' huge external debt problems recovery will be delayed still further.

"The levels of debt they are building up they will never be able to pay back, it is becoming unsustainable."

Galbraith said Asian countries were "begging their populations, with high interest rates and tight fiscal policies in order to service foreign debt."

Foreign investors will eventually have to swallow the bitter pill of writing off their losses, he said.

Economists are divided on how much of a role Japan has to play in helping the region out of the crisis.

The Japanese market sucks in 12 per cent of Asia's exports, but with its own economy on the brink of recession analysts speculate that a drop-off in domestic demand will hit the region hard.

The weakening yen has also been a source of concern, sparking fears of another round of competitive currency devaluations.

"A sinking yen will also intensify competition with the rest of Asia in third markets," the Salomon's reports said.

Japan to monitor Asian economic crisis from Singapore

TOKYO, July 23: Japan's Ministry of International Trade and Industry has set up a new post in Singapore to better collect information on the ongoing regional economic crisis, a MITI official said Thursday, reports AP.

The activity will be carried out by a single trade ministry staffer working out of the Singapore office of the Japan External Trade Organization, a semi-governmental body under MITI's supervision.

Kyoji Yoshino, an official with MITI's International Trade and Administration Bureau, said the move was in line with JETRO's recent steps to focus more attention on Asia.

Ministry monitoring activities were previously weighted in favour of the United States and major European countries, he said.

Kazakh oil, gas sectors nearing serious crisis

ALMATY, July 23: Kazakh Deputy Prime Minister Uraz Djandosov will head a new government commission addressing problems in the Central Asian country's oil and gas sector, interfax reported, says AFP.

Making the announcement, Kazakh prime minister Nurlan Balgimbayev yesterday warned that the country's oil and gas sector is nearing a very serious crisis, the news agency reported.

Following a recent drop in world oil prices, the production of Kazakh oil workers had proved to be uncompetitive, Balgimbayev said.

Energy Minister Mukhtar Ablyazov added that Kazakhstan's three oil refineries — in Pavlodar, Chimkent and Atyrau — are "on the verge of coming to a full stop."

Japanese shipping firm to recruit Bangladeshis

Japan's leading shipping lines K-Line has expressed its willingness for the first time to recruit Bangladeshi mariners, reports UNB.

Captain Shunsuki Mohri, Director and Chief Marine Superintendent of K-Line Ship Management Co Ltd conveyed his desire to Shipping Minister ASM Abdur Rab at his office on Wednesday.

Director General of Shipping Department Captain Azizul Haque, Chairman of a private seamen recruiting agency, Haque and Sons, Enamul Haque Chowdhury and Managing Director Captain Intiaz were present on the occasion.

Capt Mohri visited the marine academy and mariners' training centre in Chittagong. He appreciated the standard of training and quality of Bangladeshi mariners.

The Japanese captain also assured of support from his institution to train the Bangladeshi seamen.

During the talks, the Minister described recruitment in ships as a prospective area of employment. The government will take all possible measures to develop efficiency of mariners, he said.



Matur Rahman, Chairman, Bangladesh Shilpa Bank Board of Directors, speaking at inauguration session of the branch and zonal heads' conference in the city yesterday. Md Enamul Huq Chowdhury, Managing Director of the bank, is also seen. — BSB photo

Malaysia liberalises rules on foreign investment

KUALA LUMPUR, July 23: Malaysia on Thursday announced liberalised rules for foreign investment as part of a new plan to propel its economy on a recovery route, reports AP.

The National Economic Recovery Plan suspended the current equity cap of 51 per cent if foreign companies invested in manufacturing industries before Dec 31, 1999. The only exceptions were industries identified as strategic.

It was not immediately clear whether foreigners would be allowed 100 per cent ownership in new investments.

"The present economic conditions require that the potentials of the manufacturing sector be maximized to generate

growth, exports and employment," said the report.

The 191-page document is a blueprint of Malaysian recovery, said Daim Zainuddin, a senior Cabinet minister who is also Prime Minister Mahathir Mohamad's chief economic aide. The plan has the Cabinet's approval.

"The situation we face is serious," said Daim, who heads an economic firefighting unit. The government concedes the economy could shrink by up to two per cent this year.

"But we must not be pessimistic. Economic recovery might not come tomorrow, but it will come," he said.

Daim also announced that a politically-sensitive affirma-

tive action programme was being relaxed to allow non-Malays and possibly foreigners to buy stakes in companies currently reserved for Malays.

Under the quota system, at least 30 per cent of the stake in any Malaysian company has to be held by Malays, or Bumiputera, who form 60 per cent of the 22 million citizens.

The move was intended to help many Malay shareholders suffering in the hemorrhaging stock market. But it could also dilute the holding of the dominant community in big companies.

The plan outlined six objectives for economic rehabilitation: stabilising the ringgit; restoring market confidence; maintaining financial market stability; strengthening economic fundamentals; continuing the equity and affirmative action programme for indigenous Malays; and restoring the adversely affected sectors.

The strategy was put together over the last seven months by the National Economic Action Council, which was conceived by Mahathir last year as a means of rapidly addressing the country's economic problems.

Daim hoped that the economy would begin to pull out of recession next year and reach a growth of 5 per cent in 2000.

He forecast that inflation would rise to about eight per cent this year, while the rate of unemployment would double to 6.4 per cent from last year's 2.7 per cent. Independent analysts have predicted a higher rate for both.



(From left to right) Najma Dowla, Khairul Huda, C K Hyder, M Anis Ud Dowla, Hafiz Chowdhury and Barrister Rafique-Ul Huq at the 25th AGM of ACI Limited. — ACI photo

ASEAN FMs seen backing steps to arrest regional crisis

MANILA, July 23: Foreign ministers from the Association of Southeast Asian Nations (ASEAN) are expected to give their strong political support to measures to halt the region's economic slide in their annual meeting that starts today in Manila, reports AP.

The gathering will also enable ASEAN ministers to press the point to Japanese officials — and possibly to the next prime minister himself — that there can be no meaningful recovery in the region unless Japan quickly sorts out its economic and financial problems.

Observers will also be looking at the meeting for signs of a relaxation in the group's longstanding policy of non-interference in each others' internal affairs.

Both the Philippines and Thailand want ASEAN to become more outspoken — a policy that officials term "flexible engagements." East Asia's financial crisis

has vividly shown that problems in one country — such as currency devaluations — can reverberate heavily onto its neighbours.

ASEAN consists of Brunei, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam.

The year-old financial crisis is expected to dominate the meeting. On Monday, an ASEAN forum on regional security issues will also examine to what extent the crisis, which has bludgeoned the economies of several ASEAN countries, poses a threat to internal security.

That will be followed on Tuesday and Wednesday by talks between ASEAN and senior officials, including some foreign ministers, from 10 dialogue partners, including Japan, the United States, Russia and China.

US Secretary of State Madeleine Albright is due to arrive in Manila on Saturday and

attend part of the meetings.

As matters stand, it's by no means certain whether Japanese Foreign Minister Keizo Obuchi will attend these meetings. Obuchi is hoping to be elected leader of the country's ruling Liberal Democratic Party on Friday, a post which automatically makes him the next prime minister.

However, if he becomes Japan's next prime minister, Obuchi's presence at the meeting would give ASEAN officials a much-needed platform to urge Japan to quickly implement reforms needed to revitalise its sagging economy.

This week, senior ASEAN officials have been meeting ahead of the ministers' gathering to fine-tune the agenda and draw up a joint ministerial statement.

Drafts of an ASEAN communiqué on economic cooperation have been circulating this week. The language is mild and — in early drafts, at least Japan isn't even mentioned.