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Colour TV
NEW
Easy Installation Scheme
Sole Distributor in Bangladesh
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The Daily Star BUSINESS

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Expo 2000 may prove to be a money-loser

BONN, Aug 7: Expo 2000, a world's fair to be held in Hanover, Germany, in the year 2000, could prove to be a money-loser, fair spokesman Michael Sasse said yesterday, reports AFP.

He said that according to an audit made by the Rorland-berger firm, the result of Expo 2000 could range from a profit of 200 million marks (111 million dollars) to a loss of 385 million marks (214 million dollars).

The edition of the Weekly Stern to appear on Thursday cites a loss of half a billion or even a billion marks, mentioning an Expo 2000 manager without naming him.

Organisers had optimistically hoped that the government would exempt all fair tickets from value added tax, but that suggestion was rejected last September, the weekly said.

In reaction to the article, released in advance on Wednesday, fair general manager Birgit Breuel appealed to the political world for such an exemption, without which Expo 2000 would have "great difficulty" in posting a satisfactory budgetary performance, she said.

Expo 2000 will be competing with some other events, including the Olympic Games in Sydney, the European Football Cup finals, and millennium celebrations in London and Rome.

Unemployment claims in US rise

WASHINGTON, Aug 7: The number of Americans filling new claims for unemployment benefits edged higher last week, the government said yesterday, reports Reuters.

The Labour Department said initial claims for state jobless benefits rose to 307,000 in the week ended Aug 1, from a revised 301,000 the prior week. But the new figure was well below analysts' forecasts for a rise to 314,000 pointing to continued strength in the job market.

The four-week average of new claims, which smooths out weekly fluctuations in the data, fell to 315,500 from a revised 337,250 the previous week.

Just one state, California, reported an increase in claims of 1,000 or more in the week ended July 25.

Fourteen states and one territory reported a drop in claims of 1,000 or more in the week. The steepest was 8,203 in Tennessee, followed by 6,044 in Alabama.

Labour gave no reason for the drop. Analysts said seasonal adjustments meant to compensate for planned summer shutdowns typically cause claims to dip in late July and rise in early August.

Financial markets, waiting for Friday's release of July's unemployment report, showed little reaction to the report, analysts expect the July unemployment rate to come in at 4.5 per cent, unchanged from June.

Forex reserves rise Turkish exports up by 6.2 pc

ISTANBUL, Aug 7: Turkey's exports rose 6.2 per cent to 15.984 billion dollars in the first seven months of this year from 15,057 billion dollars a year earlier, the Turkish Exporters Council (TİM) said yesterday, reports Reuters.

It said in a statement that exports were 2.35 billion dollars in July, increasing 3.1 per cent from 2.28 billion dollars a year earlier.

TİM Chairman Okan Oguz said in the statement that exporters continued to face difficulties as the Lira's depreciation was lagging behind inflation and demand in international markets was narrowing. He renewed a call for measures to boost exports.

The leading sector was readywear which exported 4.43 billion dollars of products in January-July this year, up 7.2 per cent from the same 1997 period.

It was followed by iron and non-iron metal exports, up 5.8 per cent year-on-year to 1.97 billion dollars and textile and related raw material exports, up 11.7 per cent to 1.79 billion dollars and electronic exports, up 21 per cent to 1.48 billion dollars.

Among other leading export items were chemical materials and products, rising 6.7 per cent year-on-year to 1.07 billion dollars and automotive exports including parts, up 13.8 per cent to 1.02 billion dollars.

The sharpest decline was in olive and live oil exports which dived 34.5 per cent in the seven-month period to 40.93 million dollars.

Turkey targets 29 billion dollars of exports this year, after a 14 per cent increase last year to 27.15 billion dollars Oguz said earlier exports would fall short of this target.

Another report says: The Turkish central bank said yesterday its foreign exchange reserves rose 163 million dollars in the week ending on July 31 to 25,711 billion dollars.

DSE launches its web-site today

Market witnesses a bearish week

By Rafiq Hasan

All information regarding Dhaka Stock Exchange (DSE), from now on, will be available on the internet as the bourse is going to formally introduce its web-site today.

Dr. S A Malek, Political Advisor to the Prime Minister, will inaugurate the system at a simple ceremony at the DSE building. Finance secretary Akbar Ali Khan will also be present at the function as special guest.

They will also inaugurate the renovated new office of DSE. The office at Motijheel has been renovated at a cost of around Tk 50 lakh.

DSE Chairman Rakibur Rahman hoped that the new system would attract more investment in the country's capital market.

"With the introduction of DSE web-site, the country's capital market will enter the global information network," he said while talking to The Daily Star last night.

"Anyone from anywhere in the world will be able to know about DSE trading just by pressing a key of his computer set," the chairman said.

Rakib also informed the Daily Star that the computer-based on-line trading on DSE would be launched on the 13th of this month. "The DSE has completed all necessary preparations in this regard and Finance Minister S A M S Kibria will inaugurate the on-line trading system at a function at Hotel Sonargaon on Thursday next," he said.

Meanwhile, the major market indicators of the DSE marked further declines last week. Its All Share Price Index slipped by around 4 points to 667.32 on Thursday from 671.10 of the previous week.

Market capitalisation of the bourse also suffered by Tk 34 crore closing at Tk 6001.91 crore from 6035.88 crore.

On the other hand, the market indicators at Chittagong Stock Exchange (CSE) experienced a slight rise over the week. The CSE All Securities Price Index rose to 279.44 from 278.63 of the previous week.

The market capitalisation of the bourse increased by Tk 14.45 crore and closed at Tk 4876.94 crore from Tk 4862.37 crore.

The continuous bearish mood in the market, has thrown most of the DSE brokerage houses in a bad position.

"We have our backs against the wall. We are on the verge of being bankrupt," said a leading share broker and owner of a security house.

The broker who is one of top ten volume leaders in the market said: "Our capital and savings have been dried up and we are even facing difficulties in paying salaries to our staff."

Many brokers said that their earnings had decreased drastically due to a dull market since late 1996. It is very hard for them to survive on the maximum one per cent commission on the amount of buying and selling orders, they said.

They further said that earnings from under-writing of new issues also declined, as the Securities and Exchange Commission (SEC) has become very cautious in giving permission to newcomers.

Earlier, on an average, I used to execute orders for shares and debentures worth Tk 10 to 12 lakh every day. The amount has now come down to Tk two to three lakh," said another DSE member and owner of a leading securities firm. Requesting anonymity, he said that he remains at a break-even point if the average amount of daily transaction is around Tk 10 lakh.

He further added that during the share market upheaval in 1996, the average transaction of the leading securities houses had surged up to Tk 40 to 50 lakh per day.

Recently, the DSE All Share Price Index, the barometer of the share prices, slipped down to 550 points from the highest position of 3,600 points in November, 1996. Whereas the price index is now fluctuating in between six to seven hundred points.

These days, the daily DSE turnover hovers around Tk 2 to 2.5 crore, down from over Tk 25 crore during booming period.

Out of total 195 DSE members, around 140 have opened brokerage firms and are running their business regularly on the Dhaka Stock Exchange.

A Dhaka University teacher and expert on share market said that stock business in our country was yet to become a lucrative one, because of the slow industrialisation process. "The upheaval in 1996 was an abnormal situation and it did not reflect the actual picture of the local industries," he noted.

The industrial sector is being cornered by foreign goods and facing an uneven competi-

tion with multinational companies. The prospect of share business in the country is not very bright, the teacher said.

On the other hand, delay in the computerisation process added to the miseries of the DSE brokers as the Chittagong Stock Exchange (CSE), the second bourse of the country was much ahead in this regard.

The CSE started its computer-based on-line trading system almost a month back, this drove away a huge number of our customers who used to trade through DSE brokerage firms.

The CSE has opened a number of centres in the capital from where clients can sell and buy shares through computer servers.

"A significant number of Dhaka-based investors prefer those centres for executing their orders," said a DSE member in a frustrating mood.

He, however, hopes that the clients would come back after the introduction of the on-line trading system in DSE.

It will cost every brokerage house around Tk 3 to 5 lakh to go for on-line trading system excluding other renovation expenditures.

Though the brokers a little enthusiastic as the automated trading system is going to be started.

"What will we do with computer if the market does not go up?" a broker wanted to know.

Computerisation is one of the ingredients of bringing transparency in the market but that is not all. "We need to restore people's confidence. And that can only bring the market onto the right path," he said.

Duty evasion at Benapole 4 C&F licences suspended

From Our Correspondent

JESSORE, August 7: Four licences of Clearing and Forwarding [C&F] agents at the Benapole land port have been suspended on charge of evasion of customs duties.

The action was taken recently against Brothers Syndicate, Oni and Moon, Prince Moving and Rashama by the customs authority on the basis of a probe report.

According to sources, cases of evasion of customs duties by a group of C&F agents were detected at the port a few months ago.

A three-member enquiry committee headed by Assistant Commissioner of Benapole Customs Division, Fakrul Alam, submitted its report on the allegation on July 23.

Most of the C&F agents confessed their offences before the probe body, said the sources.

According to allegations, Taka 37 lakh customs duties were evaded by this group of C&F agents.

Sources also said that these C&F agents managed to take away a total of 17 invoices of imported goods without clearance from the local customs department.

When contacted, a source at the land port office told this correspondent that all these were done by the concerned C&F agents through forging signature and official seal.

A source at the Benapole Customs Division said that happening of this sort of event was not unlikely.

Brothers Syndicate topped the list of the four revenue evaders, the source said.

First fullfood ration for Iraqis in a year

BAGHDAD, Aug 7: Iraqis will receive a fullfood ration in August for the first time in a year, a spokesman for the UN's humanitarian mission in Iraq said yesterday, reports AFP.

A complete ration will be given to the population for the month of August as part of the oil-for-food deal, for the first time since August 1997, spokesman Eric Falt told AFP.

There were large reductions in food supplies after last August due mainly to delays by foreign suppliers, the spokesman said.

Since the start of food deliveries in August 1997, 6.3 million tonnes of food have been imported into Iraq, worth more than a two billion dollars.

The monthly ration consists of nine kilos (20 pounds) of flour, 2.7 kilos (six pounds) of infant formula, as well as a small amount of rice, sugar, tea, vegetables, oil and salt.

The oil-for-food programme, begun in December 1996 and operated under strict UN supervision, allows Iraq to sell a limited amount of oil in return for medical supplies and basic foodstuffs.

About 450 international personnel and 1,000 Iraqis are involved in distributions of the aid.

Business Briefs

Japan may trigger global stock crash

TOKYO: The president of Toyota Motor Corp wanted Thursday that Japan's economic woes could trigger a global stock market crash unless the country rapidly reforms its banking sector, the Financial Times reported Friday.

There is a possibility of Japan triggering a worldwide financial crisis, such as a steep stock market plunge involving a Europe and the US, the Financial Times quoted Hiroshi Okuda as saying.

"To avoid that, (solving) the bad loan problem is an urgent task."

Okuda was addressing Japan's Employers' Federation, of which he is vice-chairman, the newspaper said.

Officials at both the Employers' Federation and Toyota said they couldn't confirm Okuda's remarks.

Taiwanese exports fall 16.3 pc

TAIPEI: Taiwan's exports plunged 16.3 per cent in July to US \$9.6 billion dollar — the largest decline in 22 years — because of Asia's economic turmoil, the government said Friday.

The decline was adjusted for seasonal factors, the Finance Ministry said.

Imports fell 22.1 per cent in July to US \$7.9 billion dollar, because domestic consumption dropped and demand for foreign raw materials and spare parts fell in anticipation of export declines, officials said.

Hsu Kuo-chung, a Finance Ministry official, said exports are expected to drop 8 per cent in 1998, which would be the biggest annual drop since 1982 when exports fell 1.8 per cent.

Hsu said economic growth is expected to reach 5 per cent this year because the government has pledged to spend more on infrastructure projects to stimulate domestic investment and consumption.

The forecast is down from the 5.49 per cent the government predicted only two weeks ago. Early this year, it projected 6.02 per cent annual growth.

IRRI calls for saving water

MANILA: Strategies to save water during rice production are needed to cope with the shrinking supply, a Philippine-based international rice research body warned Thursday.

Agricultural specialists who attended a recent International Rice Research Institute (IRRI) workshop stressed "that it is imperative that strategies and practices to increase water use efficiency in rice production are developed and promoted," an IRRI statement said.

The institution noted that with 50 per cent of the world's irrigated areas devoted to rice, demand for water for the crop is expected to increase by nearly 50 per cent in 20 years.

This has increased the competition for water sources, the group said, warning that "the potential for developing additional sources (of water are) very limited."

Russia toughens stance on oil cos

MOSCOW: The government on Thursday threatened to seize the assets and possibly reduce export quotas of three large oil companies that have failed to pay back taxes.

Desperate to increase tax revenues, the government has toughened its stance toward tax-dodging oil companies, which are among the country's biggest export earners.

Russian oil companies Sidanko, Slavneft, Eastern Oil Company and Onako have not paid taxes incurred between May and July, said Vladimir Popov, a department head at the Federal Tax Service.

Sidanko, Eastern and Onako face the possible seizure of their assets, Popov said, declining to explain why Slavneft did not.

US, Vietnam to sign trade pact

HANOI: Vietnam and the United States hope to expedite a trade agreement when they meet for the sixth round of talks next month, Foreign Ministry officials said Thursday.

The deal is widely considered as an important step in Vietnam further opening its economy and pursuing membership in the World Trade Organisation, has been bogged down in a number of issues. The last round of negotiations was held in May.

Stanley Roth, assistant secretary of state for East Asia and the Pacific, is visiting Vietnam to talk about progress on the pact and a number of other economic and humanitarian issues.

They include living conditions for Vietnam's ethnic hill tribes, stymied talks on an agreement for direct flights between the two countries, and the long-term effects of Agent Orange, a toxic defoliant heavily used by US forces in the Vietnam War.

— AP reports

Labour unrest: Kerala out of the red

By Sanu George

THIRUVANANTHAPURAM, Aug 7: The southern Indian state of Kerala, once racked by lockouts and strikes by militant trade unions, is now the least troubled by labour unrest in the country.

A study by the Indian Labour Bureau has revealed that communist-ruled Kerala has the lowest numbers of strikes and lockouts in the entire country. During 1997, the number of strikes which took place in the state was a mere 25 and lockouts just six, while the national figure stood at a total of 1,134.

The state witnessed 57 strikes and lockouts in 1992; 46 in 1993; 54 in 1994; 49 in 1995; and 42 in 1996.

The study said that the neighbouring state of Andhra Pradesh witnessed 353 strikes and lockouts during the same year; Tamil Nadu saw 213 strikes; and the eastern, Left-ruled Indian state of West Bengal, 127.

"The drastic fall in the number of strikes and lockouts in Kerala over the past five years is because the trade unions are aware of their rights and duties and they behave accordingly," veteran trade union leader K M Sudhakaran told IANS.

The government also came into the picture at the earliest to settle the disputes," added Sudhakaran, who is also the treasurer of the Confederation of Indian Trade Unions (CITU), a Left-affiliated umbrella organisation.

According to K N Harilal, who is a consultant to the State Planning Board, in the late '50s and '60s strikes were a means of establishing the rights of the trade unions. "A transformation has taken place since and what we have now is a responsible trade union movement."

This fact has been accepted by the managers in the organised sector, Harilal said. "What

remains to be done is to streamline the union activities in the unorganized sector. Here also, of late, a procedure has been established."

Experts say that the maturity shown by the trade unions in the organized sector is following the realisation by them that the state is lagging behind in industrial development. The government too has played a crucial role with the help of the labour department.

Playing a pro-active role in the state's development, CITU brings in specialists to study specific issues and provide directions. "One of the major works we did was in 1993 to find out the reason for the dismal performance of the Kerala State Road Transport Corporation," Sudhakaran said.

"We pointed out the mistakes and when the authorities took the necessary action the undertaking came out from the red."

The Labour Bureau report also said that Kerala recorded the least number of mandays lost on account of strikes and lockouts. It lost 4.75 lakh mandays as compared to 58.51 lakh mandays lost in West Bengal. Kerala's mandays chart showed a huge improvement since 1997 as it came down to 14.93 million from 31.26 million in 1992.

Though the state did not make much progress in attracting new industries in the post-liberalisation period, things are different now," said Harilal. "Positive signals like these have certainly made an impact and activities to set up new industries have now started in the state."

Harilal also pointed out that wage disparities between Kerala and neighbouring states, which was once a cause of serious heartburn in the organised sector, have also come down.

— India Abroad News Service



The third annual general meeting of Social Investment Bank Ltd was held on Thursday with Prof Dr M A Mannan, founder Chairman of the bank, presiding. Directors & sponsors/shareholders and Managing Director M M Nurul Haque were present.

Malaysia posts \$ 1.45b trade surplus in June

KUALA LUMPUR, Aug 7: Malaysia posted a trade surplus of 6.05 billion ringgit (1.45 billion dollars) in June, reversing a deficit of 2.8 billion ringgit a year earlier, the Statistics Department said yesterday, reports AFP.

June's surplus marked a 60 per cent jump from the 3.8 billion ringgit recorded in May, said the department, which released the statistics through Bernama news agency.

It attributed the surplus for the eight consecutive month to a 43 per cent year-on-year surge in exports to 23.66 billion ringgit while imports dipped nine per cent to 17.61 billion ringgit.

June's surplus brought Malaysia's trade balance for the first half of the year to 22.1 billion ringgit, compared to a deficit of 2.8 billion ringgit in the same period last year.

The department said Malaysia would have posted a trade surplus of 25.1 billion ringgit in the six-month period

if trade in big ticket items such as aircraft and ships were excluded.

During the half year, exports expanded 41 per cent from a year earlier to 138.65 billion ringgit, outpacing a 15 per cent growth in imports to 116.53 billion ringgit.

Electrical and electronic goods were the main contributors to exports, netting receipts 71.7 billion ringgit or 52 per cent of total earnings in the six months, it said.

Major import items were intermediate goods totalling 81 billion ringgit or 70 per cent of total outflow, followed by capital goods worth 19.6 billion ringgit and consumption goods at 6.5 billion ringgit.

The United States Singapore and Japan remained Malaysia's major trading partner jointly accounting for 52 per cent of total trade in the January to June period, the department added.

Uphill task to revive economy

New Pak finance advisor seen making little impact

ISLAMABAD, Aug 7: Pakistan's depressed economy is unlikely to be boosted by Prime Minister Nawas Sharif's decision to put a technocrat in charge of the country's finances, analysts said Friday, reports AP.

Sharif on Thursday shifted Sartaj Aziz from finance to foreign affairs, and named Hafiz Pasha, a respected economic scholar, as his special financial adviser. Pasha will have the duties of finance minister, but could not be named to the Cabinet because he is not a member of parliament.

Qaiser Bengali, an economist at Islamabad's Sustainable Development Policy Institute, said Pakistan's economy needed a major overhaul.

"It's not the job of a technocrat. They lack vision. It is a politician's job," Bengali said.

Pasha was quoted as telling the Wall Street Journal that he would broadly follow the policies of Aziz. Asked whether

Pakistan would accept what are likely to be tough new loan terms from the International Monetary Fund, Pasha said, "We will do whatever is necessary to revive the economy, and stressed the importance of the country's negotiations with the IMF later this month."

The government, hard pressed by anti-nuclear sanctions imposed by the United States, Japan and other industrial nations, could seek a moratorium on the payment of its 30 billion dollar foreign debt.

Analysts say the foremost concern for the country's economic managers remains that crushing debt and lack of foreign exchange.

Akbar Zaidi, an independent economist, estimated Pakistan's current foreign exchange reserves at 750 million dollars including a recent 200 million dollar loan from Kuwait. That covers less than a month of imports such as fuel and wheat for

this country of 140 million people, Zaidi said. Pakistan spends 4.6 billion dollar a year just servicing its debts, he added.

As his appointment was being announced, Pasha was headed to the Middle East, where he was reportedly negotiating a loan from the Islamic Development Bank and trying to get a break for Pakistan in oil prices. The main Karachi Stock Exchange closed more than 50 points higher at 972.96, with traders buoyed by news Pasha had gone hunting for cash.

Loans from the Middle East "will probably allow the government to stay afloat for another three-four months, but it will take away the pressure to reform," said Jahanzeb Naseer, head of research at Jardine Fleming Pakistan, a brokerage house.

"Although he (Pasha) is a competent person and well-respected, the changes which are

required are the ones that have already been proposed so many times, and shot down for political reasons" Naseer said. "All they need is implementation of the policies they have announced earlier. If they have the will, it really doesn't matter who's manning the seat."

Analysts said Pakistan needs to speed up its privatisation programme and broaden the tax base. Aziz, Pasha's predecessor, had imposed a new sales tax, but protests by business forced the government to back down Friday.

Salman Ali, research head of the bank and brokerage house Indusuez WI Carr, said it takes a politically powerful minister to push through painful reforms. And Pasha is not a politician.

"A finance chief without a political base will not be able to assert himself," Ali said. "His policies will be always be amended."

Aramit receives Golden America Award

Aramit Limited of Chittagong, the only asbestos cement product manufacturing industry of the country, has received the 10th International Golden America Award for Quality.

The award was given at a colourful ceremony, held at Hotel Waldorf Astoria of New York in USA recently, says a press release.

The Commissioner of the city of New York handed over the trophy and the certificate to Saifuzzaman Chowdhury Javed, Managing Director of Aramit Ltd. Leading industrialists and businessmen were present at the ceremony.

Editorial Office and Trade Leaders Club, a Spain-based world famous organisation gave the award to Aramit for the high quality of products, efficient management and advanced consumer service.

Aramit was selected for the award on the basis of information provided by 14,000 businessmen including different organisations of 112 countries.

Bank of Bahrain and Kuwait posts 11 pc rise in profits

MANAMA, Aug 7: Bank of Bahrain and Kuwait's (BBK) net profit rose 11 per cent in the first six months of 1998 compared to the same period last year, the bank announced, reports AFP.