

SANYO
Colour TV
NEW
Easy Installation Scheme
Sole Distributor in Bangladesh
Transfin Trading Limited
100, Kazi Nazim Islam Avenue, Dhaka-1215
Tel: 815307-10, Fax: 813062

The Daily Star BUSINESS

DHAKA TUESDAY, AUGUST 25, 1998

Weekend Local Plus Package
Only for YOU, Local Residents
US\$ 65+++ for single/double per night
Check-in on Thu/Fri/Sat - 2 night stay Maximum
Free Breakfast/Health Club/Swimming Pool
THE PAN PACIFIC SONARGAON 811005
Dhaka Fax: 813324

Private-level South Asian investment confce Sept 5

A private-level investment conference of the South Asian countries will be held on September 5 in Dhaka, reports UNB.

Prime Minister Sheikh Hasina is expected to open the conference, which will be organised by the Federation of the Bangladesh Chambers of Commerce and Industry (FBCCI).

Business leaders of the South Asian countries will participate in the conference. The keynote paper of the conference will be presented by an expert of the Bangladesh-US Business Council while an advisor of the State Department of USA and a senior official of the Board of Trade of UK will participate as discussants.

Talking to the agency, FBCCI President Yusuf Abdullah Haroon yesterday said the investment conference is aimed at formulating an integrated action investment plan for the SAARC countries. The conference will also identify the problems and potentials of the SAARC countries regarding attracting investment.

About the implementation of the outcomes of the conference, the FBCCI President said that the conference would submit a set of recommendations to the respective governments to ensure enabling investment climate.

Moreover, the SAARC Chamber of Commerce will co-ordinate the implementation process of the recommendations for the private sector.

SEC limps as it tries to write new IPO rules

By M Shamsur Rahman

A year and a half after its announcement, the Securities and Exchange Commission (SEC) has failed to come up with public issue guidelines for companies seeking to raise funds from the capital market.

In the wake of widespread allegations against companies of trying to raise funds by suppressing facts, the regulators initiated a move to formulate a public issue rule in early 1997.

A set of rules aimed to prevent companies from cheating general investors was finally drafted in February this year and sent to different professional and related organisations for their opinion.

The Metropolitan Chamber of Commerce and Industry, representing more than 80 per cent of the listed companies, was learnt to have disagreed with the draft rules suggesting massive changes.

The draft had suggested that the SEC would judge such aspects of IPO applications as project viability and companies' financial records before clearing them.

The SEC then sent the proposal to UNDP consultants for their opinion. The UNDP had rejected the entire draft calling it 'one that will give SEC too much control over IPOs'.

They said the SEC should not go into judging merits of companies. 'It should rather ensure that the companies make full disclosures as practised in other countries,' the UNDP consultants were quoted to have said. The consultants themselves gave a new draft.

The UNDP consultants said that the SEC did not have the manpower and expertise to check or judge the merits of companies. In 1996, they said, many companies went public which were later found to have suppressed facts and information.

The draft Public Issue Rules, 1998 suggested by UNDP consultants seemed to have had contradictory provisions on the role of merchant banks and underwriters.

'All the allocation of shares would be done by the merchant banker,' the draft says when it deals with 'availability of securities'.

The next clause continues: 'In case of over subscription... the merchant banks will conduct an open lottery of all the applicants received against the offer.'

The draft rule however contradicts these clauses in another section: 'The prospectus published must say whether all the securities will be sold by underwriter'.

This means that there will be a provision for the underwriters to sell securities. This raises the question that how the underwriter can sell securities if the merchant banks are to allocate and distribute the shares.

Asked, an SEC official said: 'It was only a draft which is subject to change after receiving opinion of different groups.'

The UNDP consultants have proposed a three-year lock-in on sponsors selling their shares. 'The primary issue of capital to sponsors shall be subject to a lock-in of three years from the date of approval of prospectus or commercial operation, whichever comes later.'

Such a provision, according to sources, has been suggested to protect investors from being cheated. 'Investors usually buy shares based on goodwill of the company and its sponsors.'

The proposed rule also made it compulsory for the public limited companies to float shares if their paid-up capital exceeds Tk 10 crore.

Sources said such provision will help develop corporate culture through increase in the number of securities in the stock market.

The draft also suggested raising ceiling of monetary fines for non-compliance or violation of rules from current one lakh to 50 lakh. 'If any issuer or its representative violates any of the provisions of this rule or furnishes false, incorrect, misleading information or suppresses any information, the Commission at its discretion may suspend or cancel the letter of consent/recognition, or may impose a fine not exceeding Tk 50 lakh.'

One SEC source said such a provision would require amendments in the Securities and Exchange Ordinance, 1969.

Siemens buys Engineering Industries Ltd at Tongi

Siemens (Bangladesh) Ltd, one of world's largest multinational companies, has purchased the state-owned enterprise 'Engineering Industries Ltd at Tongi' through cent per cent cash payment in foreign exchange, reports UNB.

Chairman of Privatisation Board Kazi Zafarullah formally handed over the Letter of Intent to Soeren Rendal, Managing Director of Siemens, at a simple ceremony here yesterday.

Formalities for the privatisation of the SOE have been finalised through the process of international tender, said a press release.

This is the first time during the present government of Prime Minister Sheikh Hasina that a large foreign investor has purchased a SOE in Bangladesh.

The German company is expected to reopen the industry shortly after due balancing and modernisation creating new job opportunities, it added.

Engineering Industries Ltd established by the Adamjee Group of Industries in 1967 was nationalised in 1972 and brought under Bangladesh Textile Mills Corporation.

The enterprise produced necessary parts and machinery for the government textile mills. It was laid off in June 1994 with a total losses of Tk 1.69 crore.

BOI okays \$43m investment proposals

The Executive Council of the Board of Investment has approved three investment proposals for registration with a total investment of Tk 2,068.32 million equivalent to 43.09 million US dollars, reports UNB.

The approval was given at a meeting of the BOI with its executive chairman Zahid Hossain presiding.

The three projects two of them joint ventures with Japan, are under textile spinning, sizing and yarn sectors.

41.3 kg marble recovered

THAKURGAON, Aug 24: The Bangladesh Rifles (BDR) recovered a 41.3-kilogram marble from village Nayading under Boda thana of Panchagarh district recently, says BSS.

Business Briefs

Hyundai labour strike over

ULSAN (South Korea): Management and union officials of strike-bound Hyundai Motor Co reached a compromise Monday, ending a 36-day labour dispute at the nation's largest automaker.

The compromise allowing 'a minimum level of layoffs' came in government-mediated negotiations carried out over the past week. A breakthrough came when both sides agreed on terms of the layoffs in overnight talks.

'The past one month was truly agonizing. I hope this will be an opportunity for both labour and management to live together peacefully,' union leader Kim Kwang-shik told a news conference.

Labour Minister Lee Ki-ho, who led the last-minute mediations, praised the compromise, calling it 'a great victory achieved through dialogue and concessions.'

Hyundai's 26,000-strong union walked off their jobs July 20 in protest of the company's plan to lay off 1,538 workers. Hyundai had shed 6,100 workers earlier this year through early retirements.

But the compromise raised questions about South Korea's ability to ensure a flexible labour market, a key to wooing back much-needed foreign investment. It was criticised by some as being too labour-friendly.

Major business organizations, including the Korea Managers' Federation, blasted the government, accusing it of siding with the union because of the political risks involved in using police force to break up strikes.

Japan's supermarket sales down 1.4 pc

TOKYO: Japan's nation-wide supermarket sales in July totalled 1.480 trillion yen (\$10.4 billion) down 1.4 per cent from the year earlier month, adjusted for changes in the number of stores, the Japan Chain Stores Association announced Monday.

The association consists of 121 member companies, comprising 7,075 stores throughout Japan.

It was the second straight month that supermarket sales had dropped on the year. Sales fell two per cent on year in June, after rising 0.9 per cent in May, and 1.8 per cent in April. They fell for 12 straight months through March 1998 following the April 1, 1997 increase in the national sales tax to five per cent from three per cent.

Food, which makes up the highest proportion of supermarket sales, totalled 712.62 billion yen (\$4.9 billion), down 0.5 per cent from the previous year.

Unocal to invest \$1b in Thailand

BANGKOK: Unocal Thailand Ltd, a unit of Unocal Corp, plans to invest \$1.4 billion during the next five years on natural gas exploration and production in the Gulf of Thailand, the company said Monday.

Brian Marcotte, president of Unocal Thailand, said the main investment would be for development of the Pailin gas field.

During the first phase of the Pailin development \$400 million will be injected for installation of a central processing platform, five well-head platforms and a living unit. Another \$200 million will be for project development after the platform installation.

The platform installation will start in September. The company expects to commence production gas around next July. Unocal said the figures and timetables were its best estimates and were subject to change.

The remaining investment budget will be allocated for the second phase of the Pailin gas field development, which includes installing another eight platforms as well as the development of 11 gas fields in the Gulf of Thailand.

Call to halt flights to Siem Reap

PHNOM PENH: The manager of the international airport in Cambodia's capital has called on the government to halt direct foreign flights to Siem Reap, home of the ancient Angkor temples, a newspaper said Monday.

Flights to Siem Reap from Thailand by the small Thai carrier Bangkok Airways have bitten into the revenues of the capital's Pochentong airport, managed by a French-Malaysian joint venture.

The flights opened last year in an attempt to revitalise the tourism industry, which plummeted after a coup in the capital by strongman Hun Sen against his co-prime minister.

The general manager of Cambodia Airport Management Services, which runs Pochentong, was quoted by the Cambodian Daily as saying during a recent tourist industry meeting that the direct flights to Siem Reap violate the government's contract with his company.

Americans save less than any other major industrial country.

Seminar on preparing 21st century managers Aug 31

Star Business Report

President Justice Shahabuddin Ahmed will inaugurate a day-long seminar titled 'Preparing Managers for Twenty-First Century for Bangladesh' at Pan Pacific Sonargaon Hotel on August 31.

Organized jointly by Bangladesh Chamber of Industries and Rapport Bangladesh Limited, the seminar will have five sessions including three business sessions, certificate awarding ceremony and dinner.

According to a press release statement, Finance Minister Shah A M S Kibria, will be the special guest in the inaugural session.

Pierre Landel-Mills, Chief of World Bank Mission in Bangladesh, will also address the session, which will begin at 9:30 AM.

Three important presentations on 'Management of Change, Leadership in the Projected Scenario and Perception of the Expected Changes in the Twenty-First Century' will be made by three eminent management experts from India, Sri Lanka and Pakistan.

Renowned management scholar Prof Khawaja Amjad Saeed from Pakistan will be the keynote speaker in the first business session, noted management trainer Sharu S Ranaganekar from India in the second business session and Upali Mahanama, an international marketing expert, in the third business session.

Tofail Ahmed, Minister for Commerce and Industries, will be the chief guest in the first business session, Home Minister Rafiqul Islam in the second business session and Posts and Telecommunication, Housing and Public Works Minister Mohammad Nasim in the third session.

Dr Mohiuddin Khan Alamgir, State Minister for Planning, Science & Technology will be the chief guest in the certificate-awarding ceremony which will be held at Panda Garden Restaurant.

The sessions will be chaired by former finance ministers M Saffur Rahman, and A M A Mubith, Editor of The Daily Star Mahfuz Anam, BCI president Sharif M Afzal Hossain.

About one hundred top and senior executives from government, public sector, private sector and NGOs will participate in the seminar.

Computer problem paralyzes Asahi Bank's ATM network

TOKYO, Aug 24: A major Japanese bank's nationwide automatic teller machine network has been crippled by a computer system malfunction, an Asahi Bank Ltd spokesman said Tuesday, reports AFP.

The computer error, the cause of which remains unknown, paralyzed Asahi Bank's ATM network shortly after 10:00 am local time (0100 GMT), said bank spokesman Masahiro Minami.

The spokesman said the bank sped efforts to fix the problem, but he was unable to say when its hundreds of ATMs would be back in service.

One of Japan's 10 largest commercial banks, Asahi Bank was formed through the merger of Kyowa Bank and Saitama Bank in 1991.



Stella Tan (seated), the winner of a Singaporean Miss Internet contest, is congratulated by other contestants in Singapore on Saturday. The contestants competed in various categories including business wear, web design and an Internet trivia segment using laptop computers. —AP/UNB photo

Businessmen demand exemplary punishment Concern over exporters' misuse of govt incentives

The National Advisory Committee on Trade and Industry yesterday expressed its grave concern over a few misuses of incentives given by the government to the exporters for maintaining export growth at the rate of 12.15 per cent, reports UNB.

The business leaders advised the government to take exemplary punishment against the dishonest persons involved in malpractices in export.

Held at the Commerce Ministry, the meeting was presided over by the Commerce and Industries Minister Tofail Ahmed.

A five-member committee, headed by the Additional Secretary of the Commerce Ministry, has been formed to identify the areas of misuse and propose a mechanism to check the irregularities in maintaining incentives to the genuine exporters and entrepreneurs.

Representatives from Bangladesh Bank, BGMEA, BKMEA and BTMA are the members of the committee which will submit the report within a month.

The advisory committee members highly appreciated the recent decision of the government to temporarily discontinue the 25 per cent alternative cash incentives given to Jamdani exporters and suppliers.

The proposed committee will also look into the irregularities in Jamdani export.

The minister said, government is giving a wide-range of incentives to the exporters and trying to continue the incentives for rapid expansion of export.

He said, as per the agreement of textiles and clothing, Bangladesh will also have to face global competition in exporting textiles products after 2005.

The government is sacrificing revenue earnings by giving incentives to the textile producers and exporters with a view to establishing sufficient backward and forward linkage industries to face the future challenges, he added.

Discussing on the transportation of export goods in the wake of worsening flood situation, the minister said, the government has arranged Chittagong-bound special trains including goods train and additional bogies to carry the exportable goods.

He said, law enforcing agencies remain vigilant to ensure uninterrupted Dhaka-Chittagong road link especially for export goods.

Japan's cabinet okays key bills for cleaning up bad loans

TOKYO, Aug 24: Japan's Cabinet approved two bills on designed to clean up bad loans in the country's debt-ridden banking system, says AP.

One bill would allow the government to take over insolvent banks and keep them running for up to five years while bad loans and remaining assets are sold.

The so-called 'bridge bank' plan would be funded by up to 11 trillion yen 76 billion dollars in public funds and is designed to prevent the failure of a bank from hurting its healthy customers.

The bill would allow government appointed managers of failed banks to continue making loans to sound borrowers while they look for buyers.

Japanese financial institutions are suffocating under problem loans estimated at over 80 trillion yen 556 billion, dollars mostly left over from the collapse of the real estate market in the early 1990s.

Beleaguered Kiriyenko blasts critics

Tackling financial, stock market crises is new PM's top priority

MOSCOW, Aug 24: Russia's newly-appointed interim Prime Minister Viktor Chernomyrdin said today his first priority was to tackle the crisis on the country's stricken financial and stock markets, reports AFP.

'The first thing I am going to tackle as interim prime minister is an analysis of the situation on the financial and stock markets in Russia,' the Itar-Tass news agency quoted Chernomyrdin as saying.

The comment was his first public statement since President Boris Yeltsin abruptly sacked Premier Sergei Kiriyenko late Sunday.

The appointment marks Chernomyrdin's second stint as Premier, having been unceremoniously dumped by Yeltsin exactly five months ago to make way for the 36-year-old Kiriyenko.

Meanwhile the beleaguered Russian Premier Sergei Kiriyenko took a swipe at his parliamentary critics saying deputies were also to blame for last week's rouble crisis which has pushed the country to the brink of economic collapse.

Kiriyenko said he accepted personal responsibility for last Monday's de facto rouble devaluation and debt default but said the crisis could have been avoided if deputies had approved a government austerity plan.

In July the package of measures that we put forward to the state Duma could still have been enough to avoid a full blown crisis.

Some of the suggestions were flatly rejected and those that we did manage to get adopted by government orders and presidential decrees have been challenged in the constitutional court, he said in an extensive interview.

The youthful premier whose five months in office has been dominated by an acute economic crisis said the Duma's actions had made it very difficult to convince investors to remain in Russia.

International experts said the situation in Russia in July was better than in another emerging market Brazil last October, he said.

According to the experts our (anti-crisis) programme was better than Brazil's but in Brazil the measures were passed in a day and were applauded by the executive and legislative branches working in concert, he said.

Last October, battered by the financial storms sweeping through Asian markets, Brazil double interest rates and announced a budget deficit reduction plan its swift action calmed markets and was rewarded with a return of investors.

In Russia, however, deep spending cuts and increased tax revenues had countered strong social resistance, said Kiriyenko.

The Russian government, he said, is only fighting the financial crisis, not the opposition, not the oligarchs (powerful business elite), he added and sometimes I get the impression that we are fighting the crisis alone.

A PC is what Japanese youngsters want

TOKYO, Aug 24: What Japanese youngsters want the most now is a personal computer, according to a think-tank survey released Monday, reports AP.

In a survey by the Nikkei Research Institute of Industry and Markets, 41 per cent of the respondents said they wanted a personal computer. A similar survey two years ago found the most wanted item was a car.

More and more young people are starting to use the Internet," said Kunihiko Nagao, a researcher.

The survey of 888 people, ages 12 through 29 living in metropolitan Tokyo, conducted in June, also found that a mini-disc—a Walkman-type digital disc player—was also popular among youngsters, followed by cars and motorcycles.

Hyundai deal creates more problems for Korea Inc

SEOUL, Aug 24: A prolonged labour dispute at Hyundai Motor Co, ended with a controversial government-mediated deal Monday but it created more problems for Korea Inc, as a whole, analysts said, reports AP.

Many analysts saw the deal as a major victory for South Korea's militant unions which have been fighting against layoffs, guaranteed by a new law adopted early this year.

The new law was a key part of reforms South Korea promised to make in return for a record 58 billion dollar bailout of its economy by the International Monetary Fund in December.

The deal that limited Hyundai's layoffs to 'a minimum level' cast serious doubts on South Korea's ability to ensure a flexible labour market promised to the IMF, a key to wooing back badly needed foreign investment.

An exodus of foreign investors late last year fueled a currency crisis in South Korea, forcing the country to turn to outside help to bail out its economy.

'How can we expect foreign investment when layoffs are so difficult?' asked Lee Wook-young, an economics professor at Sogang University.

After shedding 6,100 workers through early retirement early this year, Hyundai wanted to layoff 1,538 more. Under Monday's compromise, it was allowed to layoff only 277 workers, with the remaining 1,261 put on 1 1/2 years of unpaid leave.

Personal savings fall to all-time low in US

WASHINGTON, Aug 24: Americans kept spending at a strong pace in June even though their incomes posted the smallest increase in three and a half years. The combination of weak income growth and strong spending pushed the personal savings rate down to an all-time low, reports AP.

The Commerce Department reported that personal incomes rose by just 0.2 per cent in June, just half of the 0.4 per cent May gain. The big decline reflected in part a loss of 2 billion dollars, at an annual rate, in wages because of the General Motors strike, which was not settled until last week.

Separately, the government reported that construction spending rose 1.7 per cent in June, the biggest advance in more than a year, as spending for residential construction rose to an all-time high.

Overall construction spending climbed to a seasonally adjusted 644 billion dollars in June, the second highest level on record. The stronger-than-expected increase reflected a 1.6 per cent rise in single-family homes and a 2.1 per cent increase in non-residential buildings. Construction activity this year has been powered by falling interest rates.

The 0.2 per cent rise in incomes matched gains in April of 1997 and October 1996 and was the smallest since a 0.1 per cent rise in November 1994.

Consumer spending, which accounts for two-thirds of economic activity, rose at a strong 0.6 per cent clip in June. While this was slower than the 0.9 per cent surge in May, that gain had been the strongest in nearly a year.

Americans save less than any other major industrial country.