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## PM inaugurates KPCL plant tomorrow

Prime Minister Sheikh Hasina will formally inaugurate the commissioning of the 110 MW Barge Mounted Power Plant at Goalpara of Khulna tomorrow. Khulna Power Company Ltd. said in a press statement.

The KPCL completed the project in less than 12 months of signing of the Power Purchase Agreement & Implementation Agreement.

KPCL is a joint venture of Wartsila NSD Power Development Ltd. (WNSDPD) and two Bangladesh-based firms — Summit Industrial and Mercantile Corporation (Pvt.) Ltd. and United Enterprises & Company Ltd. & Coastal Corporation, a US-based Fortune 500 company.

## Peoples Insurance declares 21 pc dividend

Peoples Insurance Company Limited declared 21 per cent dividend for the year ended 31 December 1997 at its thirteenth annual general meeting held at a city hotel on Monday, says a press release.

Ghassuddin Ahmed, Director of the company, presided over the meeting in absence of MA Mannan, Chairman of the Board of Directors of the company.

Directors present at the meeting were Nurul Islam Patwari, Al-Haj Md. Rukunuddin Mollah, Amir Humayun Mahmud Chowdhury, Begum Lutfunnessa, Abdur Razzak Ananda, Golam Faruk Ahmed, Sherina Rahman, Golam Sarwar, Engr. M A Rashid and Md. Motaher Hossain.

Md. Mahfuzur Rahman, the Acting Managing Director of the company, was also present at the meeting.

## Two more Emirates destinations in Pakistan soon

Emirates will start 1999 with the launch of services to two new destinations: Islamabad on January 1 and Lahore on January 2, says a press release.

The two north Pakistani cities become Emirates' 46th and 47th destinations and will give the airline a total of four cities served in Pakistan — by far the largest number for Emirates in any single country.

Emirates will provide four flights a week to Islamabad and three to Lahore, all non-stop from Dubai and operated with Airbus A310-300 aircraft. The new services add to Emirates' 15 weekly flights to Karachi and twice weekly to Peshawar (launched on July 14).

They are the result of a landmark Memorandum of Understanding between Pakistan and Dubai which allows Emirates to operate a total of nine flights a week to three north Pakistani airports — Peshawar, Islamabad and Lahore. Sheikh Ahmed bin Saeed Al Maktoum, Emirates' Chairman, said: "We are grateful to the government of Pakistan and the civil aviation authorities for their liberal approach which has resulted in a more open air services agreement."

## Aid for flood victims

### Nestle donates 1600 cases of Nestomalt

Nestle Bangladesh Limited has donated 1600 cases (17,280 kgs) of Nestomalt, worth Taka 50 lakh to the Prime Minister's Relief Fund in aid of the flood victims, says a press release.

Managing Director of Nestle Bangladesh Limited, Nick Miller, handed over a token pack of Nestomalt to Prime Minister Sheikh Hasina at her office on Wednesday.

Miller hoped that this donation would help the flood victims in this very difficult situation.

Nestomalt is a nutritious malted food drink which contains Vitamin A, B1, B2, E, Niacin and Folic Acid.

## India rules out devaluation of rupee

BOMBAY, Sept 10: Indian Finance Minister Yashwant Sinha ruled out yesterday any devaluation of the rupee to help exporters hit by the Asian financial crisis, saying improved quality was the real key to competitiveness, says AFP.

Using devaluation as a tool to boost exports was "devoid of any merit," Sinha told a meeting of exporters in Bombay.

"The need is to increase competitiveness internally by focusing on marketing and the quality of products," he said.

Indian exporters have been badly hit by devaluations in regional currencies that have made their Asian rivals more competitive.

# European Commission workshop in city told NGOs should divert development funds to flood victims urgently

Star Business Report

Non-government organisations (NGOs) should divert their development funds to immediate relief programmes against the backdrop of the severest flood the country has ever experienced, a workshop was told yesterday.

The three-day workshop titled "Partnership and Innovation in Development", concluded yesterday, was organised by European Commission-NGO Dialogue Project and held at Islamic Development Bank (IDB) Bhawan in Dhaka.

Dr Atiur Rahman, a senior BIDS researcher who was one of the four resource persons presenting concept papers, said that NGOs should seek an immediate dialogue with major donors for beginning urgent rehabilitation operation.

The workshop gave new ideas in various fields of social and economic development. Among the highlights were identifying women-friendly technologies and income-generating opportunities, child rights research and action, quality education, promoting the transition from micro-credit to micro-finance and social capital mobilisation.

The deliberations also focused on creating an institutional environment within NGOs for stimulating innovations. Among the suggestions were more frequent interaction with the poorest, flat institutional hierarchies, gender balance in discussions, exchange with researchers, open recruitment policies and better process documentation of NGOs.

Dr Berthold Kuhn, Team Leader of the EC-NGO Dialogue Project, expressed his satisfaction with the output of the workshop. He told participants that the workshop had highlighted the quality aspect of NGO development activities in Bangladesh. He added that this was also witnessed by the rapid response to emergency situations in the current flood disaster.

Results of the working groups on "NGOs and pro-poor policies", "NGOs and gender policies", "EC instruments available for NGO support" and "NGOs and Development Innovations" were presented to the

participants.

The working group on pro-poor policies discussed on the basis of a concept paper of Prof BK Jahangir, Pro-VC of National University. The group summarised that NGOs should play "a pro-active role in dialoguing" with the government on the issue of pro-poor policies. They expressed the need for institutionalised structures and mechanisms for such dialogue.

Dr Qazi Faruque Ahmed, Chairman of ADAB and President of Proshika, provided some information on existing co-operation and mechanisms of dialogue with the government. He highlighted the role of the Government-NGO Consultative Council (GNCC).

Regarding concepts of pro-poor policies, the group stressed the importance of involving the poorest in decision-making procedures. The ongoing local government reform was considered to be a tremendous opportunity for the poorest to get more decision-making powers.

The working group on gender concluded that the "concept of gender" was crucial to achiev-

ing gender balance to encourage women and men to be involved in the non-traditional activities keeping in mind that women and men do not have separate spheres.

The group on EC instruments discussed funding opportunities with Stephan Meert from the EC Delegation in Dhaka as the moderator. Meert admitted that there was scope to make EC funding instruments more user-friendly, for example in making disaster management funding easily available for recognised national NGOs in Bangladesh.

Giasuddin Pathan, director general of NGO Bureau, said that outcome of the workshop would give food for thoughts to the government in formulating more pragmatic policies in the days to come.

JV Ketelsen, charge d'affaires of the EC in Bangladesh earlier on September 8 inaugurated the workshop. The total support of the EC to NGOs in Bangladesh amounts over Tk 512 crore. The purpose of the EC-NGO Dialogue Project, started in April this year, is to enhance the effectiveness of co-operation between the EC and NGOs.

## German exports to ASEAN drop

WIESBADEN, Germany, Sept 10: German exports to ASEAN nations fell by nearly a fifth to 9.1 billion marks (5.3 billion dollars) in the first half of 1998 from the figure for the same period last year, the Federal Statistics Office said here, reports AFP.

It blamed the financial crises in Southeast Asia for the drop.

The first quarter fall was 12.3 per cent but the second quarter showed a plunge of 26.2 per cent from the corresponding period in 1997.

Exports to the Association of South East Asian Nations now represented only about 1.9 per cent of total exports, the office added.

In the list of Germany's leading trade partners, Thailand fell 13 places, Singapore six and Indonesia and Malaysia five.

German exports overall to Asia also fell, by 8.0 per cent to 46.5 billion marks over the first half of 1997.

Imports from ASEAN nations rose 10.5 per cent to 11.5 billion marks but it was not so much as forecast despite more favourable exchange rates owing to the financial crises in the region, as overall German imports from Asia rose by 11.8 per cent to 60.2 billion marks.

Japan and China remained Germany's biggest trading partners in Asia as a whole although the office noted that the

recession in Japan and weakness of the yen were being felt strongly.

Exports to Japan fell by 11.7 per cent to 9.2 billion marks and imports rose 17.4 per cent to 20.8 billion marks.

China showed the most growth for exports up 25.7 per cent to 5.5 billion marks while German imports from it rose 10.5 per cent to 10.9 billion marks.

The biggest fall in exports overall was to South Korea, where the figure for the first half of 1998 plunged 44.7 per cent to 2.5 billion marks.

## Jobless rate in euro states falls

BRUSSELS, Sept 10: Unemployment in the 11 countries that will adopt a single currency next year edged lower in July but remains above the average for the European Union as a whole, says AP.

Eurostate, the EU statistics office, reported Wednesday that the jobless rate in the Euro 11 was 11.1 per cent down from 11.2 per cent in June and 11.7 per cent a year earlier.

Across all 15 EU countries, unemployment averaged 10.1 per cent — the equivalent of some 16.7 million people.

The rate was unchanged from June and down from 10.7 per cent in July 1997.

## Business Briefs

### Manila still a Tokyo investors' choice

TOKYO: The Philippines remains an attractive place for Japanese investors because the country has established a stable political system, the Philippines foreign minister said Thursday.

Foreign Affairs Secretary Domingo Siason told reporters in Tokyo that the Philippines won't elect a new leader for nearly six years, ensuring investors need not fear political turmoil.

He said that the country has transferred power peacefully three times since the "people's power" revolution in 1986, showing that democracy has taken root in the Philippines.

"For investors, political stability is a main consideration," Siason said.

Siason compared the business environment in the Philippines favourably to that of other Southeast Asian countries, many of which are undergoing a period of political uncertainty.

"In Southeast Asia today you are seeing a transformation not only in the economic process, but in the political process," Siason said.

But he said he was optimistic that the countries of the Association of Southeast Asian Nations would be able to resolve their problems within three years, making the regional grouping stronger than ever.

### SE Asia in transport inspection deal

SINGAPORE: Nine Southeast Asian nations agreed Thursday to stop requiring inspection certificates for buses and freight trucks crossing each other's territory in a step aimed at saving time and money in the midst of the regional economic crisis.

The agreement signed by transport ministers of the Association of Southeast Asian Nations at the end of their three-day annual meeting is part of a series of moves to reduce the mass of rules governing transportation within the region.

While the economic crisis has dampened demand for transport services, "the ministers agreed that there was a greater urgency to enhance the region's economic competitiveness through closer economic cooperation," they said in a joint press release.

The first step in implementing the agreement will be for officials to work out compromises on the different criteria and standards of inspection, said Singapore's Communications Minister Mah Bow Tan, who hosted the meeting.

### Ford to participate in Kia auction

SEOUL: Ford Motor Co and three South Korean car makers submitted letters of intent Thursday to take part in a new auction of bankrupt Kia Motors Corp.

It is the second time Kia, South Korea's second largest auto maker, has been put on the block. The first auction earlier this month failed to find a buyer.

New bids must be submitted by Sept 21. The winner will be announced Sept 28.

Besides Ford of the United States, the other potential buyers are Hyundai Motor Co, Daewoo Motor Co and Samsung Motors Inc.

Kia's creditor banks rejected previous bids by the same four companies because they included demands for a write-off of at least part of Kia's 11.8 trillion won (\$8.4 billion) debt.

The creditors had offered to write off interest on that debt over the next 10 years, an estimated 6.5 trillion won (\$4.6 billion), but none of the principle.

Thursday, however, the creditors said they would write off 2.9 trillion won (\$2.1 billion) of the principal debt along with any interest on the remainder.

### Thai agreement on debt restructuring

BANGKOK: Thailand's central bank and five private sector associations on Thursday signed an agreement to make it easier for Thai corporations to deal with their massive debts.

Guidelines already exist for restructuring debt under a recently implemented bankruptcy law. But Thursday's framework is an attempt to get companies to enter voluntarily into negotiations with their creditors.

David Proctor, chairman of the Foreign Bank Association, said the guidelines encouraged debtors to disclose full information to creditors who, in turn, should "stand still" on demanding loans repayments while companies try to restructure debt.

The government previously announced tax incentives to encourage corporate participation, while creditors are anxious to lower non-performing loans through the process.

Bank of Thailand Governor Chatu Mongkol Sonakul said at the signing ceremony that the 19-point framework was a first step to getting Thailand's debtors and creditors to come together to deal with problem loans.

— AP reports

## Crises highlight need for world-wide regulation

PARIS, Sept 10: Financial crises in the global economy have highlighted a need for world-wide regulation, French Prime Minister Lionel Jospin said yesterday in remarks which appeared to echo calls for controls from some authorities in Asia, reports AFP.

"There cannot be a world economy without world-wide regulations, he said in a long analysis of the crises in the magazine *Nouvel Observateur*.

The first aspect of future regulations is a review of the way the capital markets work.

"The competence of the International Monetary Fund (IMF) must be extended to cover movements of capital," Jospin said that the international monetary system had to be re-built.

He held that "the route to follow is that of establishment of broad regional economic entities, going as far as monetary unions, connected by a regime of flexible but controlled exchange rates."

"On all of these matters, Europe can show the way. It is entitled to do so owing to the stability in Europe since the crises began."

"The future Eurozone, by enabling participating countries to cross the crisis without monetary upheaval, has passed its baptism of fire with success."

Left-wing governments were in a majority in the European Union and this gave the union a political basis for such an approach.

He declared that "capitalism remains unstable" and that "the best enemy of capitalism might be capitalism itself" and that "politics is the only counter-weight."

He argued that the financial crisis in Southeast Asia "sanctions the failure of a model for development" and that the crisis in Japan was "a crisis of political decisions."

The crisis in Russia was "a crisis of transition," he said: "There was a wish to impose a model which was fundamentally foreign to them in an unduly brutal way, and western countries bear a share of the responsibility."

## Negotiators start talks to end Northwest strike

MINNEAPOLIS, Sept 10: The White House dispatched two of its big guns to Minnesota to help get Northwest Airlines and its striking pilots back to the bargaining table, reports AP.

Deputy counsel Bruce Lindsey and Transportation Secretary Rodney Slater arrived Tuesday to meet with the federal mediator who has been working with the two sides. The two men will remain "as long as they can be useful there. They are primarily there to assess the situation," White House spokesman Barry Toiv said.



Hundreds of people waited for a ticket to home at Kamalapur Railway Station as not a single train could leave or touch the terminus on time. For instance, the 2:30 pm train bound for Sylhet was cancelled and the 3pm Chittagong train started at 6 pm. With road links between the capital and the rest of the country snapped since Monday, rail remained for most people the lone mode of transport for long-distance travel.

— Star photo by Anisur Rahman

## China wants to expand oil deal with Venezuela

CARACAS, Venezuela, Sept 10: China wants to follow its 360 million dollar purchase of drilling and exploitation rights for two oil fields in Venezuela with similar deals, Vice premier Wu Bangqiao said Wednesday, says AP.

"Venezuela is the first country in Latin America to receive Chinese investments, and we are so satisfied... we have come to strengthen this relationship and look for other areas of co-operation," Wu told reporters.

The state oil monopoly China National Petroleum Corporation bought the rights in 1997. The deal was part of Venezuela's plan to open its state-controlled oil industry to foreign and national companies.

China also is a major buyer of Venezuela's trademark Orimulsion, a tar-based boiler fuel.

"China is a country with an enormous population and a huge industrial capacity that demands more and more energy, and Venezuela is a country immensely rich in energy," said Miguel Burelli Rivas, Venezuela's foreign minister.

## KL-style mkt controls may hurt entire financial system: US

TOKYO, Sept 10: The United States warned yesterday that a spread of Malaysian-style financial market controls could threaten the entire financial system, reports AFP.

"We are watching with some anxiety the reversal in the way Malaysia is moving, it has been moving," said John Wolf Washington's chief negotiator at the Asia-Pacific Economic Cooperation (APEC) forum.

"It was always a very open country on the trade side and it was slowly moving forward on the financial side," he told news briefing in Kuala Lumpur in November.

"There are real risks, and there would certainly be risks to the whole system if there were a patchwork series of financial controls around the world," he warned.

Prime Minister Mahathir Mohamad announced last week sweeping foreign exchange restrictions including a fixed ex-

change rate and plans to abandon currency convertibility next month to bar speculators.

Wolf said Washington believed proper measures to ensure economic stability and a strong financial system were "the best guarantee against the kinds of instability that have been plaguing a number of economies around the world."

Some countries had weathered financial crises better than others "and that is in part because they have stuck to the fundamentals, they have not let the excesses catch up with them."

"We believe that a system that encourages the free movement of capital, protects investors rights, maintains macroeconomic disciplines and strong financial systems is the kind of world towards which we should all be working."

While Malaysia had embarked upon an "interesting experiment, the history of capital controls in most countries is

not a happy history," Wolf told reporters at the US Embassy here.

He denied the financial crises were undermining APEC's aim of liberalising economies, saying they "rather underscore how important APEC is in terms of creating the forum in which the economies in the Asia Pacific can meet to discuss and coordinate other activities."

"We are hopeful that by the time of the APEC leaders' meeting that we will all have come together with a firm commitment on how to move on the trade side and a firm commitment on how to deal with continuing to build the market place."

On Russia, which joins the APEC summit for the first time in Kuala Lumpur, Wolf said the United States "expect a great deal from them as members."

## 'West to provide no more aid till US okays Russia's policy'

WASHINGTON, Sept 10: The West will not provide any additional financial assistance to Russia until the United States and other countries can pass judgement on the policy choices the Russian government makes to deal with the crisis, a top US official said on Wednesday, reports AP.

Deputy Treasury Secretary Lawrence Summers sought to lower expectations that immediate assistance for Russia will be forthcoming as part of an emergency meeting of finance and foreign ministry officials of the world's seven richest countries scheduled for London next Monday.

"I certainly do not expect out of any discussions that take place next week concrete plans," Summers told reporters. "I expect the discussions to be of a much more analytical and tentative nature."

Summers said it was "very much premature to discuss (Western assistance) pending Russia's making judgements about its choices."

President Bill Clinton in Moscow last week urged Russian President Boris Yeltsin to stick to the path of free-market reforms despite the economic woes brought on by a botched devaluation of the ruble and a

declaration by Russian authorities that they were suspending payments on billions of dollars of foreign debts.

Russia's latest economic crisis came despite efforts by the International Monetary Fund to assemble a new 22.3 billion dollar rescue package in July.

The 4.3 billion dollar second instalment of that support is now in doubt because of the turmoil in the Russian economy. The money had been scheduled to be disbursed on September 15 but IMF officials have expressed unhappiness with an economic reform programme put forward with Acting Russian Prime Minister

Viktor Chernomyrdin. Under the plan, the country would print billions of rubles now to cover Moscow's obligations and then clamp down on the money supply later.

US and IMF officials are concerned that if the country's money supply is debased by rampant printing of rubles, it will be that much harder to attract necessary foreign investment down the road.

In remarks to an international banking conference, Summers said that the United States and other Western countries were still willing to provide additional financial sup-

port for Russia but he said such support would be contingent on the Russian government adopting a "framework of constructive policies."

Yeltsin's government remained paralyzed on Wednesday in a standoff with the Duma, the lower house of parliament, which has twice rejected Yeltsin's nomination of Chernomyrdin as prime minister.

Summers stressed that the response made by the United States and other countries will depend on Russia sticking to the path of reform.

"Until political authorities decide the direction they want

to go, it is difficult to calibrate an appropriate international response," Summers said.

He said Russia's response must be based on "sound money, the rule of law and enforcement of property rights."