

Shiv Sena, Bajrang Dal move to drive out multinationals

NEW DELHI, Sept 13: Two right-wing pressure groups closely linked to the ruling Hindu nationalists yesterday launched a campaign to drive out multinational companies from India, reports AFP.

Hundreds of supporters of the Shiv Sena (Shivaji's army) and the Bajrang Dal, an offshoot of the Vishwa Hindu Parishad (world hindu forum) said they would begin their boycott with US soft drink giants PepsiCo Inc. and Coca-Cola Co.

"We are not just against Coke and Pepsi but against all foreign companies who have set up base in India," another activist said.

Coca-Cola resumed operations in India in 1993 after being ordered out of the country in 1977 by then Industry Minister George Fernandes, currently Defence Minister.

The supporters, wearing saffron caps, marched to the Parliament shouting slogans and asked the government to stop promoting foreign firms at the cost of Indian companies.

The campaign, the second to be announced this week by groups within the nationalist camp, is likely to embarrass the Hindu nationalist Bharatiya Janata Party (BJP, Indian people's party), which heads India's ruling coalition.

The BJP is already having difficulty balancing the free-market demands of its coalition partners and the international community against the conservative, protectionist platforms of its right-wing backers.

Earlier this week the Swadeshi Jagran Manch (self-reliance awareness front), which is opposed to multinationals in India, said a campaign to counter free-market reforms would be launched next week.

China, Japan start talks on regional financial crisis

BEIJING, Sept 13: After months of acrimony over Tokyo's faltering economy, East Asian powers China and Japan will hold long overdue talks Monday on how to cope with the regional financial crisis, reports AP.

The daylong meeting between senior Chinese and Japanese officials is the first attempt by the two countries to ease tensions over Japan's ailing economy and weak yen and seek constructive ways to deal with the crisis.

China — once dubbed the 'sick man of Asia' — finds itself in the enviable position of enjoying stronger growth than its wealthier neighbour.

Thanks to government controls, China's currency is cushioned from the volatility that has stricken other Asian financial markets. Although economic growth may not reach

the government's 1998 target of eight per cent, it is bound to exceed that of Japan, where the economy has shrunk for three consecutive quarters.

But Japan's economic woes are deeply troubling for China. Japan is China's largest trading partner and one of its biggest investors. Japan's slack demand for Chinese exports is dragging down China's economy just as state industries lay off millions of workers to adjust to market-style reforms.

China has harangued Japan for months over its inability to turn its economy and currency around, accusing Tokyo of not doing its part to help ease the Asian crisis.

Chinese economists, quoted in the state-run China Daily on Sunday, dismissed a rebound by the yen last week as short-lived. Li Goubin of the State Information Office, a government

think tank noted Beijing's efforts to increase public spending to revive domestic demand and offset losses from Japan and other Asian markets.

At Monday's meeting, Japanese Deputy Foreign Minister Koichi Haraguchi and Chinese Vice Foreign Trade Minister Sun Zhenyu will lead delegations of trade and finance officials.

President Jiang Zemin's cancellation of an official visit to Japan last week, because of catastrophic floods in China, has accentuated the importance of the gathering.

While the two countries' economies are deeply entwined and their influence within Asia great, they have not found ways to cooperate over the regional crisis. Although ties have improved in recent years, distrust lingers from Japan's brutal 1931-1945 occupation of much

of China and their aspirations for dominance in Asia.

China's exports to Japan fell 4.3 per cent in the first half of the year from the same period last year to 13.7 billion dollars, according to Chinese customs statistics. Japan's first-half foreign direct investment in China declined 30.7 per cent to 1.16 billion dollars.

The lower growth in trade and investment has helped slow economic growth to seven per cent in the first half of the year from 8.8 per cent in 1997.

The slowdown is complicating efforts to reform state industries, long protected under central planning, and the banks that supported them. State banks are now swamped with bad debts, and the government is having trouble providing jobs or welfare payments for laid-off workers, raising the possibility of unrest.

Kenyan president asks public servants Crack down on corruption or face arrest

NAIROBI, Sept 13: Kenyan President Daniel Arap Moi Friday ordered public servants to crack down on corruption or face arrest, as the World Bank made it known that it could cut down aid to Kenya over the issue, reports AFP.

Speaking after delivery of a keynote address to a follow-up economic consultative conference here, convened to review progress in the implementation of economic reforms in the last three months, Moi said public servants who failed to crack down on corruption would be arrested.

"That goes for police and customs officers and any public servant who comes to me or any members of my cabinet for advice on what action to take on corrupt people," Moi added.

"It will be obvious that such people cannot perform, Moi said.

Moi's tough stance came as Finance Minister Simeon Nyachae told the meeting in his

address on the state of the economy that the World Bank had made it known that it would reduce its support to Kenya unless there is a sustained political commitment to reforms.

Nyachae said that "due to low absorptive capacity, the World Bank intended to reduce its commitments to Kenya from the current 200-250 million US dollars to 75-150 million dollars per annum."

Nyachae said a World Bank team was due in the country late next week to start negotiations on the issue.

Attorney General Amos Wako meanwhile pledged at the meeting that no one would be spared in the coming crackdown on corruption.

"There are no sacred cows in Kenya, nobody will be shielded against prosecution if found guilty," Wako said, warning any government official who could not eradicate corruption in his workplace would have to resign.

China's external trade falls by 6 pc in Aug

BEIJING, Sept 13: China's external trade fell by six per cent in August to continue as trend begun in July, press reports said yesterday, reports AFP.

Total external trade fell to 26.41 billion dollars in August on the back of a 9.1 per cent drop in imports to 10.87 billion dollars and a 3.4 per cent drop in exports to 15.6 billion dollars from July, according to figures published by Xinhua news agency and the People's Daily.

Foreign trade rose by just 3.3 per cent in the first eight months of the year, to 205.9 billion dollars, compared with the same period in 1997.

Exports for the January to August period grew 5.5 per cent to 118.65 billion dollars compared with the same period in 1997, while imports rose by 0.4 per cent to 87.26 billion dollars.

Exports to crisis-hit Asian countries like Japan, South Korea and southeast Asian countries continued to decline, with imports from the European Union and the United States rising by as much as 25 per cent by August, Xinhua said.

Government economist have said that exports, battered by a round of regional currency devaluations which have made China's goods relatively more expensive, could contribute nothing by the end of the year to economic growth.

Growth was one percentage point under the eight per cent target for the whole year in the first half of 1998.

Political uncertainty seen depressing Indian stocks

BOMBAY, Sept 13: The Indian stock market will be largely depressed because of domestic political uncertainty and Russia's currency crisis, analysts said yesterday, reports AFP.

The 30-share Bombay Stock Exchange (BSE) sensitive index was up by 3.52 per cent or 108 points from the previous week's close and finished at 3,083.56 points at close of trade on Friday.

The national index, tracking 100 shares, was also up 3.69 per cent, and finished at 899.70 points.

Analysts said although the Indian market had largely not been hit by the global market crisis, the Russian rouble's fall and domestic political uncertainty had dampened trading sentiments.

India is governed by a Hindu nationalist-led coalition government that survives with the help of outside support in parliament.

"The crisis in Russia is likely to deepened further, and the US and European markets are still jittery," said broker A Mehta, "in that sense the recovery on Indian bourses will be shortlived."

Mehta said Finance Minister Yashwant Sinha's statement about partial privatisation of state-owned public sector companies "has failed to boost the market sentiment."

Broker Ashish Mullick said domestic uncertainty "is the last thing the market wants at this stage."

In the week's trading, Glaxo was down 4.25 rupees to 410.75 rupees, Reliance Industry gained two rupees at 117.50 rupees, while State Bank of India went up 9.10 rupees at 198.50 rupees.



M Morshed Khan, Chairman, Board of Directors of Arab Bangladesh Bank Ltd, addresses the shareholders at the 16th AGM at a city hotel on Saturday. —AB Bank photo

AB Bank declares 20 pc dividend

Star Business Report

Arab Bangladesh Bank at its 16th AGM declared a total of 20 per cent dividend for its shareholders. Of the dividend, 10 per cent will be given in cash and another 10 per cent as bonus share (one share for every 10 shares).

The annual general meeting of the bank was held at a city hotel on Saturday, according to a press release.

The meeting presided over by M Morshed Khan, Chairman, was attended among others by Ramzul Seraj, Vice Chairman, and A Rahim Chowdhury, President and Managing Director of the bank.

The AGM approved the annual report and financial accounts of the bank for the year ended at December 31, 1997.

Four retiring directors of the bank have been re-elected at the AGM.

M/s Rahman Rahman Huq, Chartered Accountants have been re-appointed as external auditor for 1998.

The bank earned an operating income of Tk 1370.78 million in 1997 as against an amount of Tk 1276.04 million in 1996 registering a rise of 7.42 per cent.

After meeting interest expenses and administrative costs, the operating profit of Tk 460.65 million was earned in 1997. The bank's net profit in 1997 was Tk 139.55 million.

After making full provision for Classified Loans and Advances including interest suspense, required general provi-

Call for ending strike Northwest under Japanese travel industry pressure

MINNEAPOLIS, Sept 13: From Japanese honeymooners to travel agents who may be forced into bankruptcy, Northwest Airlines is being pressured from across the sea to reach agreement with its striking pilots, says AP.

Northwest, which has flown to Japan for 51 years, knows it faces a bigger challenge in regaining the confidence of the Japanese people and the travel industry with each day the strike continues, spokesman Doug Killian said Thursday.

"In Japan, where long-term relationships are very important to success in business, that doesn't change overnight. But the strike is causing hardship to the Japanese traveller and the travel trade," Killian said.

John Dasburg, Northwest's chief executive, has been discussing the Japanese concerns with the company's international marketing team, Killian said.

The chairman of an association representing travel companies throughout Japan recently urged the US ambassador to Japan to help end the pilots' strike.

Northwest, which has canceled international flights through Monday and temporarily laid off about 1,000 of its 1,400 employees in Japan, says about 100,000 Japanese passengers have been affected since the strike began Aug. 28.

Northwest is the second-largest airline to shut out of Japan and sells about 1.1 billion in tickets annually in Japan.

Northwest provides about 30 per cent of the capacity between Japan and the United States and flies many Japanese travelers to such popular tourist destinations as Hawaii, Guam and Saipan.

Although Japan Airlines Co, the largest airline flying out of Japan, added 11 special flights to accommodate Northwest passengers, a majority of travelers with Northwest tickets out of Japan have been grounded.

"We are very concerned about the effects of the Northwest strike," Isao Matsuhashi of the Japan Association of Travel Agents said in letter to Ambassador Thomas Foley this month. A copy of the letter also was sent to Dasburg.

"September is the peak season for weddings in Japan and many honeymooners are now forced to cancel their trips due to the lack of seats," he wrote.

Besides having to refund the cost of travel packages, Matsuhashi said travel agencies under Japanese law must provide additional compensation to customers who are unable to fly because of the strike.

"This could force travel companies out of business in the weak Japanese economy which was already taking its toll on the travel industry," Matsuhashi said.

Dasburg also was pressured by Ryujii Funayama, president and chief executive of Japan Travel Bureau Inc. to find a solution to the dispute.

Funayama said his agency sold about 400,000 seats on Northwest flights last year and paid Northwest 251 million dollars.

"Every day your pilots strike will cause a loss of more than 1,000 fares and 1.5 million dollars," Funayama said.

Matsuhashi warned that it "would not be surprising if Japanese travel companies would shift business away from Northwest if there is a long interruption of service."

A new aviation agreement between the United States and Japan permits more service between the two countries by carriers from both countries, but Matsuhashi noted that new service will be limited until a second runway is opened at the Narita airport near Tokyo.

Property sector price war seen delaying HK economic recovery

HONG KONG, Sept 13: Several major Hong Kong developers have slashed prices for new apartments, renewing fears of a price war that would hobble the all-important property sector and delay the territory's economic recovery, reports AP.

Sluggish sales in the past few months have prompted several leading developers to cut prices for new condos and apartments this week, and more developers are expected to join the fray, analysts say.

Prices of used flats are expected to fall as well.

Lai Sun Development announced earlier this week it is selling 20 units in a luxurious suburban development at a loss — 43 per cent lower than when it first went on sale in May. Only 14 of the 84-unit development were sold then.

Two other developers also announced late Thursday they were cutting prices of apartments in two family-oriented developments by up to 30 per cent.

"Due to the absence of cheap liquidity in the banking side, (developers) are trying to raise cash to cover their capital expenses," said Otto Wong, regional property analyst for Safelander Smith Barney in Hong Kong.

Despite savings for some potential homebuyers, analysts say these cuts are doing more harm than good.

IDB gives \$100m credit facility to Malaysia Airlines

RIYADH, Sept 13: The Saudi-based Islamic Development Bank (IDB) yesterday said it had granted Malaysia Airlines a 100 million dollar credit facility to modernise its fleet, reports AFP.

The bank will buy an unspecified number of aircraft, which it will lease to the carrier for a 10-year period after which they will become the airline's property, the bank said in a statement.

The credit facility will come from the IDB-managed Islamic Bank Fund, which promotes trade between Muslim countries and has extended 1.8 billion dollars of credit since its creation in 1987.

The credit facility comes at a time of growing financial crisis in Malaysia.

Malaysia stunned the international community early this month by imposing capital controls to shield itself from external turbulence, at the risk of driving away foreign investment.

IDB, established by the Organisation of the Islamic Conference in 1973, has 52 member states, with the largest contributions coming from Saudi Arabia and Kuwait. It funds economic development in member states and Muslim communities in non-member states.

US firm wins wireless loop deal in China

SAN DIEGO, Calif. Sept 13: QUALCOMM Inc (Nasdaq: QCOM) has been awarded a contract to deploy a wireless local loop (WLL) system for the Shenda Telephone Company, an established telecommunications operator in China, reports UNB.

The system is expected to support 10,000 subscribers and will be deployed in the Shenzhen Special Economic Zone of China, which includes the Luo Hu and Fu Tian areas, report PRNewswire-AsiaNet.

BB T-bill auction

The 2nd auction of 28-day, 91-day, 182-day, 364-day, 2-year and 5-year treasury bills were held yesterday, reports UNB.

Thirty-four bids for a total of Tk 371 crores, six bids for a total of Tk 39 crores, five bids for a total of Tk five crores, 21 bids for a total of Tk 78 crores and eight bids for a total of Tk 64 crores were offered for the 28-day, 91-day, 364-day, 2-year and 5-year bills respectively.

Of these, 14 bids for a total of Tk 221.50 crores of 28-day bill, one bid for Tk four crores of 91-day bill and two bids for a total of Tk 2 crores of 364-day bill and one bid for Tk one crore of 2-year bill were accepted.



Chairman of Bangladesh Jute Mills Corporation Ltd, Abu Osman Chowdhury, visited Karim Jute Mill, Latif Bawany Jute Mill and Adamjee Jute Mill on Saturday. —BJMC photo

Smokers cost Australian industry \$1b a year

SYDNEY, Sept 13: Workers who take cigarette breaks during work hours are costing Australian industry more than one billion US dollars (1.6 billion Australian dollars) a year in lost time, a survey has found, says AP.

Recruitment firm Morgan and Banks' quarterly job index said Thursday that most employers believed that smokers should be required to make up time lost due to breaks.

Ian James, recruitment manager at Morgan and Banks, said employers felt strongly about the time lost: "61 per cent felt they should make up the lost time."

James said the cost to firms went beyond time at the office.

"You could take the issue further, are these people more prone to illness? How much would it cost in sick leave?"

Three quarters of employers surveyed estimated that up to 25 per cent of their work force smoked and 17.8 per cent believed that 25-50 per cent of their staff were smokers.

James said the sight of people gathered in front of buildings smoking is "a disturbing sight, if you take 3-4 breaks a day it is a considerable amount of time lost."

More than 3,600 employers were surveyed, with the highest proportion of smokers appearing in the transport, tourism, manufacturing, advertising and food industries.

Most Asian currencies end week higher

HONG KONG, Sept 13: The yen rose sharply against the greenback over concerns about the US economy and possible impeachment proceedings against president Bill Clinton, reports AFP.

Japanese yen: The yen rose sharply against the dollar during the week on concerns over the US economy and the threat of impeachment proceedings hovering over US President Bill Clinton, dealer said.

The Japanese currency was quoted at 130.76-79 late Friday in Tokyo against 135.40-42 a week earlier.

The yen rose to a four-month high of 131.45 on Monday on the US concerns and the Russian economic turmoil.

The currency edged up on Tuesday as investors took profits on the dollars rally on the previous day.

Investors moved to buy back the greenback on Wednesday, pushing the yen back down to mid-133 yen level.

The dollar was bought again on Thursday on news acting Russian Premier Viktor Chernomyrdin had withdrawn his bid for the premiership.

But the yen rallied on Friday on worries about Clinton's presidency, rising to a five-month low of 128.80.

There is no strong element to support the dollar at this moment on concerns about the political problems of President Clinton and the future of the US economy," a Sakura Bank dealer said.

Australian dollar: Election uncertainty and the Australian dollar's continuing dependence on commodity prices will make it vulnerable to short-term hits in the week ahead, brokers said.

"With negative economic news likely to be printed throughout Asia over the next few months, bouts of weakness may occur," said Citibank economist Annette Beacher.

The local currency closed on Friday at 59.91 US cents, from 59.05 cents a week ago and has now climbed four cents in a fortnight.

Colonial State Bank analysts said the Aussie and domestic markets will remain impervious to a raft of local economic data and instead focus on the global economy.

"The only certainty in the current environment is volatility," said Craig James.

Flows out of the US dollar and into gold will support the Aussie but the bigger picture remains in low commodity prices and election uncertainty.

On the Reserve Bank's trade weighted index, the Australian dollar closed the week at 54.6, from 54.3 a week earlier.

New Zealand dollar: The New Zealand dollar closed up Friday worth 51.63 US cents against the close a week earlier of 50.61 cents.

Dealers said the Kiwi's rise was on the back of the US dollar fall against the yen.

Hong Kong dollar: The Hong Kong dollar closed on

Friday at 7.7488-7.7498 to the dollar compared to 7.7425-7.7435 last week.

Singapore dollar: The Singapore dollar ended the week higher against the US dollar at 1.7245 from 1.7510 the previous week.

Indonesian rupiah: The Indonesian rupiah closed the week Friday at 1,550 to the greenback, compared to last week's closing of 10,725.

Malaysian ringgit: The ringgit was fixed at 3,800 to the dollar as part of sweeping foreign exchange controls announced by the central bank following the resignations of the governor and deputy governor.

Authorities also announced plans to abandon currency convertibility at the end of the month to "insulate" the economy from global turbulence.

The fixed rate is almost 12 per cent above the previous week's closing level of 4,2350 ringgit to the dollar.

The controls cover external accounts, trade settlements and currency held by travellers and limit transactions to authorised institutions. Prime Minister Mahathir Mohamad said notes of 500 ringgit and 1,000 ringgit would be withdrawn from circulation to discourage currency smuggling.

Some analysts predicted the emergence of a black market in foreign currencies.

The central bank said the rate for retail transactions must not be more than 3,7700-

3,8300 for telegraphic transfers and 3,7600 for overdrafts. The maximum spread for buying and selling of dollars, marks, sterling, yen, Hong Kong dollars and Singapore dollars with moneychangers is two per cent.

Philippines peso: The Philippine currency rose 0.1 per cent to 43.70 pesos to the dollar on September 11 from 43.76 pesos to the greenback on September 4.

South Korean won: The South Korean won weakened from 1,342 won against the US dollar a week before to 1,364 won on Saturday amid constituting instability in overseas markets.

Taiwan dollar: The Taiwan dollar rose 0.6 per cent against the greenback over the week to close at 34.495 Friday in line with a stronger Japanese yen, dealers said.

Analysts said that there is room for further appreciation of the local currency.

It stood at 34,496 on Monday and edged down to 34,550 on Tuesday; it moved up to 34,510 on Wednesday and slid to 34,546 on Thursday.

Thai baht: The Thai baht was relatively stable against the dollar thanks to the yen's rally and hedge funds selling the greenback to offset their losses in the emerging markets as well as in the US, analysts said.

The Thai unit closed Friday at 40.73-78 baht to the dollar, compared to 40.82-87 a week earlier.

Taiwanese investors stick to their guns in Vietnam

HANOI, Sept 13: Most Asian investors have been forced to scale back or freeze their investments in Vietnam although they since the start of the region-wide crisis but Taiwanese companies are sticking to their guns, reports AFP.

That's because Taiwanese investors have deep pockets and strong government support to pursue the "go south" policy of regional diversification to reduce economic dependence on China.

As the only country to have weathered the Asian financial storm of the past 12 months, Taiwan is forging ahead with regional investments to bolster economic ties in a region where diplomatic relations are impossible.

According to Hu Cha-Chi, chief representative of the Taipei economic and cultural office in Hanoi, Taiwan's de facto embassy, being a diplomatic pariah hasn't hurt business.

"Economics is the main axis for both countries, we can cooperate with no problems," he said.

Taiwan ranks as Vietnam's second largest investor with 307 projects worth 4.2 billion licensed since Vietnam opened its doors to foreign investment in 1988.

But unlike many countries whose projects, never got off the ground, the implementation

rate of Taiwanese investments has been close to 100 per cent.

David Lin, branch manager of Chinfon Bank in Hanoi, said that financing is no problem for Taiwanese companies thanks to an initiative by the central bank of China to help businesses invest abroad.

To be sure, Taiwanese businesses encounter the same problems that plague other overseas investors — rampant corruption, a labyrinthine bureaucracy, and opaque laws, but the free and easy management styles of many of these companies helps them navigate the shoals better than many others.

Spearheading the "go south" programme is Central Trading Development Corp (CTD), the Taipei-based business arm of the governing Kuomintang which has amassed more than 870 million dollars worth of Vietnamese projects.

The group's 89 million dollar Tan Thauan export processing zone joint venture is arguably one of Vietnam's few true success stories, set up in 1991. It broke even in three years and as of August had signed up 139 tenants investing nearly 540 million dollars.

The group also has a 27 million dollar eucalyptus plantation joint venture and Vietnam's first 100 per cent private power project worth 205 million dollars, which came on stream in April.