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# The Daily Star BUSINESS

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## Tea industry export earnings mark record rise

The tea industry has achieved a record export earning of Tk 2,032.30 million during 1997-98, a 55 per cent higher than the last financial year, reports UNB.

Chairman of the tea industry AQI Chowdhury disclosed this at the association's 38th annual general meeting Tuesday.

"1998 will end with a record crop," he said, adding that 11 per cent more crop has been harvested during the January-July period of 1998 over the corresponding period of 1997.

Chowdhury highlighted major activities of the association during the year 1997-98 and outlined future action plans of the tea industry.

He, however, said Bangladesh tea industry is still lagging behind in terms of productivity and quality compared to other tea producing countries.

The Chairman suggested major development programmes to make Bangladesh tea more competitive in the international market.

He called for cheaper tea finance, 99 years' lease of tea estate lands, steady power, gas and fertiliser supply, stable law and order situation, financing construction of road, bridges, dams and reservoirs.

Number of poor in crisis-hit Asia may reach 90m

WASHINGTON Sept 30: The World Bank said on Tuesday the number of poor people in Asia's crisis-hit economies could be more than double to 90 million if the financial turmoil drags on, reports Reuters.

In a black report on Asia's year-old financial crisis, the Washington based lending agency said Thailand, South Korea, Indonesia and Malaysia had fallen off the growth path into deep recessions that could get even worse.

In virtually every country in the region, unemployment is at a 20 year-high. Prices particularly those of basic necessities such as food and medicine, have risen dramatically because of exchange rate devaluations.

Despite currency depreciations, east Asian exports have languished, the World Bank said in its report, East Asia, the road to recovery. It warned that exports were unlikely to recover near-term and that further 'shocks' could sweep through the region.

This risk calls for urgent attention at the highest policy levels within the region, the World Bank said.

Japan to lend \$36 to ROK companies

TOKYO, Sept 30: A Japanese government bank will extend three billion dollars in loans to small companies in South Korea to help them pull through their country's economic crisis, Japanese national television said on Wednesday, reports AP.

Prime Minister Keizo Obuchi will officially unveil the loans by the Export-Import Bank of Japan when South Korean President Kim Dae-jung visits Japan starting October 7, NHK reported.

A Q I Chy reelected chairman of Cha Sangsad



Star Business Report  
A Q I Chowdhury has been reelected chairman of Bangladesh Tea Association (Tea Association of Bangladesh) for the 1998-2000 term.

The election of 15-member executive committee was confirmed at the organisation's 38th annual general meeting held in Chittagong on Tuesday.

According to a press statement of the Cha Sangsad, other members of the committee are: M Shah Alam, M Nurul Alam, Kurshid Ahmed Chowdhury, Mohd Safwan Chowdhury, Mirza Salim Iqbal, N U Khan, Ardasher Kabir, Siddiqur Rahman, M Yakub Ali, Ahmed Shaif Chowdhury, Morshedul Alam Qaderi and Md Riazzur Rahman.

## WB calls on crisis-hit Asian states to let rates fall, deficits rise

WASHINGTON, Sept 30: The World Bank yesterday urged Asia's crisis-hit countries to let interest rates fall and deficits rise to pull the region out of recession, a big shift in policy from when the crisis took hold a year ago, reports Reuters.

Contrary to initial International Monetary Fund recipes for the region, a World Bank report on the Asian financial crisis said interest rates should be allowed to fall to spur growth, and that a 10 billion dollars "concerned fiscal stimulus" by Asian states would help the region's prospects.

The Washington based lending agency's report, "East Asia, the road to recovery," said urgent action was needed to aid the poor. If the crisis lingered, the number of poor people in Indonesia, Thailand, Malaysia and the Philippines could more than double to more than 90 million from some 40 million.

The World Bank's new

recipes run counter to the strict initial demands of the IMF, which assembled multi-billion-dollar bailouts last year for Indonesia, South Korea and Thailand.

The IMF initially urged Asia's one-time tiger economies to raise rates and run budget surpluses. But the IMF has eased those demands in recent months, clearing the way for more social spending for the poor.

The World Bank did not spell out the specific fiscal stimulus measures each Asian state should take to spur growth, but it urged Japan to lead the way.

The World Bank report said lower interest rates in east Asia would help improve creditworthiness and reduce debt servicing costs, but may not be enough to resume the flow of credit to the worst-off economies.

Interest rates should be allowed to fall further, consistent

with maintaining exchange rate stability and maintaining the attractiveness of deposits in the financial system," the report said.

"To achieve sustainable interest rate declines, a more accommodating monetary policy will need to be part of (the) continued programme of structural reforms," it said.

To jump-start growth, the World Bank said a sharp increase in deficit spending by countries in the region may be needed.

The World Bank said a 10 billion dollars increase in government deficit spending could finance 1 per cent of GDP in fiscal stimulus across East Asia.

"This would have profound impact in complementing ongoing structural reforms," said Jean-Michel Severino, the World Bank's vice president for the region.

If those actions were taken

together in the second half of 1998, they could generate demand that could lift east Asia by 2 percentage points of GDP, the bank's report said.

The World Bank said deficit spending levels must be tailored to each country, but it singled out Taiwan and Singapore as having the most room to boost spending. The heavily indebted Philippines might opt for lower increases.

The report said economies with high savings rates and well developed capital markets, including China, Japan, Singapore and Taiwan, could finance stimulus programmes in their domestic markets, the remaining countries would do better to seek long-term funds from abroad.

The World Bank said a coordinated fiscal stimulus in east Asia could also boost growth in the United States and Europe by as much as 0.3 per cent of GDP.



Reporters look at the New Jaguar XK 180 roadster presented at the Paris Motor Show Tuesday. The show opens to the public on Thursday and runs to October 11.

— AP/UNB photo

## Asian currency markets shrug off US interest rate cut

SINGAPORE, Sept 30: Asian markets shrugged off today a slim interest rate cut in the United States which analysts said was unlikely to trigger a flow of funds into the region where credit risk remains a key problem, reports AFP.

The quarter-percentage-point cut was the first in the United States in almost three years and had been heralded as a necessary incentive for easing a credit crunch in crisis-hit Asian economies.

"For Asia it is crucial to note that such rate cuts do not necessarily mean funds will just flow into the region. We have a credit risk problem here," said Jacqueline Ong, regional economist with British financial house Idea.

"Furthermore Asia's problem is not only a fund flow thing, it is structural and an interest rate cut may not eliminate the credit risk and banks are still cautious to lend," she said.

Asian stock markets and currencies hardly reacted to the overnight move by the policy making body of the US Federal Reserve board to lower the benchmark Federal funds rate to 5.25 per cent.

The markets had hoped for a sharper half-a-percentage point cut that would make funds which had sought safe haven status in the United States to move to Asia where credit has been drying up.

Expect for Indonesia, Thailand and the Philippines, key Asian bourses were down.

The Tokyo stock market was weighed down by deepening

concerns over the Japanese economy, as the key Nikkei Index of 225 issues tumbled 415.04 points or 3.0 per cent, to hit a 12-year low. The index closed at 13,406.39, its worst performance since February 21, 1986.

Japanese Finance Minister Kiichi Miyazawa said the US rate cut was within expectations and unlikely to have a substantial impact on financial markets.

"It was just what I expected,"

Miyazawa told reporters, adding that the market had already discounted the decision.

On the currency front, Asian units also languished against the US dollar, with the yen falling to 136.04 against the dollar in Singapore from Tuesday's close of 133.85.

The Singapore dollar dipped to 1.6870 from Tuesday's close of 1.6760, the Thai baht to 39.34 from 39.03 and the Indonesian rupiah to 10,710 from 10,700.

## PAL workers postpone vote on recovery plan

MANILA, Sept 30: Philippine Airlines workers postponed voting Wednesday on a management-proposed plan aimed at putting the closed national flag-carrier back in business, the workers' union said, reports AP.

The debt-laden airline, Asia's oldest, closed on September 23 after failing to persuade its ground crew union to accept the rescue plan. Its closure left much of the Philippines without air service.

Leaders of PAL's largest union approved the plan Monday after accepting a 10-year suspension of the union's collective bargaining agreement in exchange for 20 per cent of the company's stock and other benefits.

The agreement must still be formally approved by workers, regulators and PAL's creditors.

Avelino Capili, a board member of the PAL Employees Association, said they would put the rescue plan to a vote among its nearly 7,000 members by secret ballot Thursday or Friday. Union leaders initially planned a signature campaign to ratify the plan.

Capili said the union needed to print ballots and confer with government labour officials, whom they want to oversee the voting.

The union has been split over the proposal, with many militant members saying a suspension of the bargaining agreement would violate workers' rights and expose them to management abuses.

Hundreds of workers opposed to the plan protested Tuesday, urging President Joseph Estrada to allow a government takeover of PAL.

## BLTC declares 45 pc dividend

Star Business Report  
The twentieth annual general meeting of Bangladesh Leaf Tobacco Company Ltd held on Tuesday at BLTC Factory in Kushtia declared a dividend of 45 per cent for the shareholders of the company, says a press release issued in city yesterday.

AM Agha Yusuf, Chairman of the company, presided over the meeting.

Directors Kafiluddin Mahmood, Agha Ahmed Yusuf, Rahmat Ali, Dr. M Nurul Huq, Atiqur Rahman were present at the meeting.

## Meghna Cement declares 10pc dividend

Star Business Report  
Meghna Cement Mills Ltd has declared a 10 per cent dividend for the year ended 31 December, 1997, at its sixth annual general meeting held recently in its factory premises at Mongla Port Industrial Area, says a press release issued yesterday.

Mahabooob Morshed Hassan, director of the company, presided over the meeting in absence of the Chairman. The Directors Report as well as the Audited Accounts of the company for the year were received and adopted at the AGM.

The shareholders expressed their satisfaction over the performance of the company.

Two directors were re-elected directors in the meeting. Besides the number of directors was increased with the approval of the shareholders present.

Sayem Sobhan was made a new director in the Board of Directors of the company.

## Rahimafrooz sings accord with MPL

Rahimafrooz (Bangladesh) Limited, a leading battery manufacturer, signed a contract-marketing-agreement (CMA) with Meghna Petroleum Ltd (MPL), a leading fuel marketing company of the country on Tuesday to market demineralized battery water.

Director of Rahimafrooz, Niaz Rahim and General Manager of MPL K L Karmakar signed the agreement on behalf of their respective companies in the city, said a Rahimafrooz press release.

Under the agreement, MPL will market demineralized battery water produced by Rahimafrooz through MPL's dealers and agents all over the country.

Initially MPL set a target to sell 0.50 million bottles (500 ml) of battery water per year. MPL also has a plan to sell 0.70 to 1 million bottles of battery water from the year 2000.

Among others, the Chairman and Managing Director of Rahimafrooz, Afroz Rahim, Senior General Manager K B Hassan and Marketing Manager G M Kawser and the Marketing Manager of Meghna Syed Salahuddin Haider, General Manager Masudur Rahman, Technical Services Manager Md Shamsul Kabir witnessed the signing.

## Tea rates lower at Ctg auction

CHITTAGONG, Sept 30: The weekly tea sale here yesterday (Tuesday) witnessed a generally lower market with fair withdrawals, reports UNB.

Internal buyers, including blenders, were quite active for fannings and small brokens, said a market report of National Brokers Limited.

There was fairly good support from Pakistani buyers for medium and small brokens but prices were much lower than the previous week.

Poland operated at lower levels whilst the CIS was very selective also at easier rates. Dusts faced a strong market at mostly dearer rates.

CTC leaf: 11,199 chests, 13,801 gunny sacks and 12 chests of old season) on offer met with much less demand at lower rates.

CTC brokens: Bold brokens were absorbed at lower rates at Tk 55 per kg while large brokens were sold also at lower rates at

mostly Tk 60 with considerable withdrawals.

Clean medium and smaller brokens were lower by Tk 4 to Tk 6 whilst plainer types were easier by Tk 3 to Tk 5 with some withdrawals.

CTC fannings: There was good demand for all fannings. Clean liquoring fannings were mostly firm to slightly dearer but others generally sold at around last levels.

Green tea: Only 30 chests on offer. FYH sold at Tk 99, Hyson at Tk 94 and YH was withdrawn.

CTC dust: 575 chests, and 1,548 gunny sacks on offer continued to meet with a very strong demand. RDs/Ds were dearer by Tk 2 to Tk 3 following quality and selling above Tk 70.

PDs sold around last level and were slightly easier. CDs were a fully firm market. Both bazaar and blenders lent strong support.

## DHL launches Import Express in Malta

Import Express was launched in Malta, according to a DHL press release.

Being a small island with a limited amount of resources, Malta has to import most of its raw materials, capital goods and consumables.

Importing into Malta is a critical part of the supply chain for local companies. Import Express which is a new service DHL has introduced in Malta, will allow receivers greater control over this process.

Aeromartime was one of the first companies in Malta to use Import Express. Mazzola, Financial Controller of Aeromartime said: "Time is a critical factor to our business. With one account number, we are now able to import from any of the 108 participating countries. It is an easy to use service, cost effective and allows us to know the exact door-to-door price, with DHL handling the shipments all the way."

The benefit of a pre-quoted all inclusive cost door-to-door, will allow people responsible for importing to manage their costs, more efficiently and effectively. The customer's only requirement is to quote their unique DHL import account number, and DHL will take care of the rest.

Import Express is a valuable addition to DHL's portfolio of services. It is an excellent example of DHL's constant strive to lead the air express market by drawing on core competences and applying them to changing customer demands, the release added.

As part of its ongoing strategy to remain at the forefront of the air express industry, DHL is constantly seeking to enhance and expand its service offering.

Kia Motors announces 3rd auction

SEOUL, Sept 30: Two US and three South Korean auto companies have been invited to enter a new round of bidding for bankrupt Kia Motors Corp. Kia officials said Wednesday, reports AP.

The successful bidder, to be announced October 19, will be chosen among Ford Motor Co and General Motors Corp of the United States and Hyundai Motor Co, Samsung Motors Corp and Daewoo Motor Co of South Korea, they said.

Following two failed auctions, Kia's creditor banks said they plan to sweeten the terms of the third, presumably by swallowing more of its debt.

Kia's creditor banks will provide the five companies with new auction terms by Friday, the officials said. Potential buyers must submit their bids by October 12.

China finds several billion US dollars in forex fraud

BEIJING, Sept 30: China said Tuesday it had discovered fake customs reports involving "several billions of US dollars," Xinhua news agency reported, says AFP.

"Since the beginning of the year, the number of foreign exchange defraud and tax rebate swindling cases with fake documents have been on the rise," the agency quoted State Administration of Foreign Exchange (SAFE) Director Wu Xiaoling as saying.

SAFE is currently preparing new foreign exchange controls in the light of increasing capital flight out of the country.

The moves follow an order by the administration Monday to domestic enterprises to repatriate their offshore foreign currency holdings by October 1.

The soon-to-be-announced controls are expected to include a limit on the issuance of yuan loans against foreign bank guarantees.

Howard backs KL for hosting next APEC meet

BRISBANE, Sept 30: Prime Minister John Howard on Tuesday backed Malaysia as host country for November's Asia-Pacific Economic Cooperation (APEC) meeting, despite recent strife, reports AP.

Kuala Lumpur has been the scene of riots against Prime Minister Dr Mahathir Mohamad since finance minister Anwar Ibrahim was arrested earlier this month.

"I would not think there would be any difficulty in hosting that meeting," Howard told reporters.

"There's no reason why the conference should not go ahead. It's very, very important that we go ahead with it and I would encourage other regional leaders to continue to treat APEC very seriously."

Howard described APEC as a "great hope" in the region, bringing together heads of government from North America, Pacific countries and Oceania.

Howard's endorsement of Malaysia for the APEC summit comes two days after he said Malaysia seems to be undergoing a drift towards a more authoritarian approach.



Commerce and Industries Minister Tofail Ahmed addresses a post-flood business seminar organised in the city yesterday by American Chamber of Commerce in Bangladesh.

— Star photo

## UK retains top ranking for forex trade

NEW YORK, Sept 30: Britain remains the world's premier centre for foreign exchange trading, retaining a strong lead over the United States, Japan, Singapore and Germany, reports AP.

With volume averaging \$ 637 billion a day, foreign exchange trading in Britain easily surpasses the \$ 351 billion of the United States, according to a series of surveys released Tuesday by global central banks.

Japan ranks third, with daily volume of \$ 149 billion, followed closely by Singapore at \$ 139 billion. Germany estimated trading is more than \$ 100 billion.

The surveys by 44 countries will almost certainly show overall trading in foreign currencies has soared since the \$

1.26 trillion tallied in the last global accounting in 1995. The final 1998 count is expected to be released late next month by the Bank for International Settlements in Basel, Switzerland.

With the rapid growth of world financial markets, foreign exchange trading has surged. In 1989, the global daily average was \$ 620 billion. It grew to \$ 880 billion three years later.

Part of this year's increase may be due to the larger number of countries surveyed. Twenty-six were included in the 1992 and 1995 rankings.

In its tally, the Federal Reserve Bank of New York reported that foreign exchange transactions in the United States shot up 43 per cent this year, from \$ 44 billion in 1995.



Director of Rahimafrooz Niaz Rahim and General Manager of Meghna Petroleum K I Karmakar shaking hands after signing a contract-marketing-agreement on behalf of their respective companies on Tuesday.

— Rahimafrooz photo

## Multinationals on a shopping spree in Asia

HONG KONG, Sept 30: US and European corporations are on a shopping spree for troubled Asian companies and could provide a big chunk of the 234 billion dollars needed to recapitalize the region, a report released Tuesday said, reports AFP.

Keeping a close eye on potential acquisition targets should also provide a guide to the best-value shares in Asia's sagging stock markets, the report by Credit Lyonnais Securities Asia said.

There have been 600 mergers and acquisition deals in the year to date worth some five billion dollars and that trend will

accelerate over the next few years," CLSA micro strategist Peter Sutton said in a briefing.

"Direct investors will play a much larger role than they have to date. Over the past year they have held back to wait for the prices to come down," he said.

Most of the activity has been in South Korea and Thailand, which are seen as having made the most progress with International Monetary Fund-mandated economic reforms.

There have been 63 acquisitions by multi-national corporations in Thailand in the year to August, mostly in the finance sector.

Dutch bank Abn-Amro has

snapped up 70 per cent of AFCO Securities while Canada's Bank of Nova Scotia has taken 40 per cent in Nakathorn Bank.

South Korea has seen 66 deals and is likely to be the major focus for foreign companies due to the large size of its economy and the number of potential assets for sale.

All other Asian countries have been some merger and acquisition activity, although the Philippines has been lagging behind and recent capital controls imposed in Malaysia has led to a freeze in all foreign direct investment, the report said.

Sutton admitted the prospect of foreign multinationals buy-

ing up significant chunks of Asian industry was still a sensitive subject.

But he said the financial crisis was gradually changing attitudes in most places.

"Companies coming in and buying the jewels in the crown is a sensitive issue. What we are seeing in Asia is countries prioritising," he said.

"They are having to decide what areas they want to recapitalise and where they can open up to competition."

CLSA strategist Russell Napier pointed out most of the investment was being channelled to the two countries which have most fully em-

braced IMF reforms.

"In Thailand and Korea it is going on. Elsewhere the jury is still out. Obviously it is not going to happen in Malaysia and elsewhere there is still a question mark," he said.

CLSA sees the main opportunity in the cement and consumer industries, with telecoms and airline companies also likely takeover targets.

The report found that in many of the deals already completed the foreign companies were prepared to pay a substantial premium over current share prices.

The premium suggests hidden value and could therefore

point to good stock market investment, it argues.

Should the multi-nationals prove correct the average upside for the stock market investor would be some 308 per cent.

"Is this a fool proof way to make money... no."