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Tel: 815307-10, Fax: 813062

The Daily Star BUSINESS

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Washing Machine
Sole Distributor in Bangladesh
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Russian forex reserves fall by \$200m

MOSCOW, Oct 23: Russia's gold and hard currency reserves stood at 13.1 billion dollars as of Friday, a 200 million dollar fall from the previous week, Interfax cited the central bank as saying, reports AFP.

The reserves, which stood at 20 billion dollars a year ago, shrank dramatically as the bank attempted to stave off a double devaluation, but gave up the ghost on August 17 after its reserves hit rock bottom.

The government this month implemented tight controls over foreign currency transactions, forcing exporters to convert 75 per cent of their dollar holdings into rubles and thus enabling the bank to increase its reserves.

New Kodak camera launched in Bangladesh

Star Business Report

Kodak KD 10 camera, a 35mm new brand, was introduced to the Bangladesh market at a press conference yesterday.

The high-utility camera, originally manufactured in the US, will be very affordable and is expected to win a big portion of the market in Bangladesh. Some three million rolls of Kodak colour film are used every year in the country.

"It is a very easy to use camera and any person can take high-quality photographs with this camera," said Sanjeev S Mehta, Business Support Manager-South Asia of Kodak, which is based in Mumbai.

The new KB 10 cameras will be made available through maximum outlets like small shops or retail stores so as to enable the consumers to easily buy the product.

The cameras will be available for only Tk 1,495 at these stores along with a roll of film and a set of battery for free.

Kodak films have a global market share of 45 per cent and in Bangladesh, the share of films are making a marked increase, Mehta said.

Kodak will also launch a number of express photo labs in Bangladesh shortly.

Anis Ahmed, Managing Director of Aquamarine Distributors, who will look after the marketing of Kodak products said, that the products were durable and world class and hoped its market share would increase in coming days.

Probe report reveals Mobsters control 50pc of Russian financial instts

WASHINGTON, Oct 23: Nearly half of Russia's credit and financial institutions are controlled by organised crime interests, the Federal Bureau of Investigation (FBI) has said in a report submitted to the Senate Intelligence Committee, reports PTL.

This, it says, allows the mobsters to more easily launder and move vast sums of cash around the world and to evade the efforts of the Russian government to collect taxes.

The FBI puts the capital flight from Russia arranged by the mobsters who control about 550 banks, at the huge sum of 200 billion dollars over the past decade.

The report was completed two months before the collapse of the Russian economy in the summer but made available to the media only now.

Organised crime groups in Russia have gathered vast wealth and political influence within Russia and other former Russian republics, the Washington Times said yesterday.

Previously, they had been silent partners of the regime in the black market economy. Today, Russian organised crime groups dominate the economic life of Russia by exerting control over key economic sectors such as petroleum distribution, pharmaceuticals and consumer products distribution, it said.

This pervasive influence has undermined open market competition necessary for normal economic development, it added.

Taiwan investment in China plunges

TAIPEI, Oct 23: Taiwanese investment in China plunged 82 per cent to 34.5 million US dollar in September, with business discouraged by heavy flooding as well as safety concerns raised by the murders of several Taiwanese there, the government said Friday, says AP.

Only 15 investment projects in China were approved by the Taiwan government, compared to 36 projects in September of 1997, the Economics Ministry said in a statement.

Taiwanese have invested 35 billion US dollar in China over the past decade, though the government has been putting money into infrastructure deals or other big projects out of concerns that Taiwan's economy could be absorbed by China if business ties develop unchecked.

Also during September, the ministry approved 446.7 million US dollar in investment overseas, led by projects in British Virgin Islands, Thailand, the United States, Singapore and Hong Kong.

Flood forces privatisation of SOEs to come to a halt

By Rafiq Hasan

The tardy privatisation process of loss-making state-owned enterprises (SOEs) has come to a halt following the recent devastating flood in the country.

The prolonged flood had stopped almost all kinds of business activities in the country leaving the businessmen in serious financial crisis which also slowed the selling process of loss-incurring SOEs, said a senior official of the Privatisation Board.

"There is hardly any buyer and those who got letters of intent (L/Is) earlier are now requesting the Board to extend the time for installment payment," the official said.

Except issuing two letters of intent recently, the board failed to make any progress in privatising a few dozens of state-owned enterprises identified for selling out to private entrepreneurs.

According to the preliminary estimate of the board, the annual loss being incurred by some 200 SOEs is around Tk 2,500 crore.

But the Board only handed over 17 units to private entrepreneurs during the last five years since its creation in 1993. Of these, five companies were handed over after Awami League came to power while the rest were privatised during the previous BNP regime.

Being unable to privatise the SOEs, the Board is now processing a legal frame-work for turning it into a commission armed with more powers. PB is now run by a chairman with the status of a state minister. It has a governing body including six members of parliament from both the ruling and opposition parties.

The two companies which

received letters of intent recently are the Engineering Industries Ltd at Tongi and Nabarun Jute Mills at Narayanjanj. These two companies were sold at Tk 3.74 and 13.96 crore respectively.

According to the process, the buyers pay 25 per cent of the money after winning the bid and the rest is paid in months installment.

A total of nine industries including the above two are in line to pay the installment for completing the selling process. The companies are: Hafiz Textile in Chittagong, Ashrafi Oil Mills in Khulna, Bangladesh Can Company, Chittagong, Can Making and Tin Printing Plant, Chittagong, Doshia Extraction, Chittagong, BG Bangla Rice Mills, Thakurgaon, and Desh Bandhu Sugar Mills in Narshindli.

The Board has recently fi-

nished the process of selling out Kohinor Battery Manufacturing Company at Tongi. The proposal was sent to the cabinet committee for its approval. Its selling price has been fixed at Tk 17.95 crore.

The five mills which were handed over after Awami League came to power are: Royal Textile in Bandarban, IK Industries in Chittagong, Feroze Ata Dal Mills in Khulna, National Ice Factory in Kishoreganj and Bangladesh Cold Storage in Munshiganj.

A portion of the government share in another nine companies is being released through the Investment Corporation of Bangladesh (ICB).

According to the official, the privatisation process was slow because of resistance from the workers and employees and lack of strong commitment from the government.



Kodak KD 10 cameras were launched in Bangladesh by its local agent Aquamarine Distributors at a press conference in the city yesterday. The press conference was addressed by Sanjeev Mehta of Kodak, South Asia, and Anis Ahmed, Managing Director of Aquamarine. Kodak is the official film for Wills International Cup '98. — Star photo

Tofail says autocratic govt plundered nationalised organisations

Commerce and Industries Minister Tofail Ahmed yesterday said the autocratic government plundered the country's nationalised organisations under the cover of free market economy, reports UNB.

"The subsequent government also created a dismal situation in the public sector. But the present government brought back normalcy through relentless efforts," he said while laying the foundation stone of a housing project for the officials and employees of Sadharan Bima Corporation (SBC) at Uttara.

Tofail said Father of the Nation Bangabandhu Sheikh Mujibur Rahman had a dream to build a poverty and hunger free Bangladesh and wanted to ensure education and housing for all.

To achieve the goal, Bangabandhu had launched the second revolution programmes aimed at improving the lot of the toiling masses. But the killers foiled the effort through killing Bangabandhu along with his family members in 1975, the Minister said.

He said after a lapse of 21 years, the government of Sheikh Hasina is implementing various programmes to materialise the dream of Bangabandhu.

Tofail said Bangabandhu established the SBC with a view to fulfil the commitment of the historical 'six-point' charter. He also allocated 22 bighas of land for accommodation of the SBC officials and employees at that time.

On this land the present housing complex is being constructed. Some 17 buildings will be constructed in several phases and each building will have 24 flats accommodating a total of 456 families.

There will also be a mosque and a community centre in the project area.

In the first phase two buildings are being built a cost of Tk 5.25 crore.

The minister directed the au-

thorities to construct more buildings during the current fiscal.

Tofail charged the past BNP government of making the country an Indian market by huge reduction of taxes.

Commerce Secretary Sayed Alamgir Farooq Chowdhury, chairman of the SBC management council M A M Ziauddin and SBC Managing Director also spoke on the occasion.

'Latin America to fall prey to int'l crisis next'

SOUTH ORANGE, New York, Oct 23: International Monetary Fund Managing Director Michel Camdessus downplayed fears that an economic crisis that started in Asia and moved to Russia would be striking Latin America next, reports AP.

"In view of what Latin American countries have been doing to strengthen their defences with good policies, and the strong support we are ready to put in place, the Latin American domino will not fall," he said Thursday.

Camdessus was speaking at a conference on international debt at Seton Hall University. The meeting drew a mixed crowd including members of the global Catholic community as well as the head of the World

Bank.

Participants emphasized that global economic policies have to include ethical and social considerations along with fiscal concerns.

Newark Archbishop Theodore McCarrick said he hoped people around the world would become more interested in helping others as the millennium approached.

Pope John Paul II has repeatedly called on international lending institutions to ease the burden of debt on developing countries — even if it means canceling the billions of dollars owed by the world's poorest countries to richer nations and multinational organizations.

NEC chairman to quit over defence scam

TOKYO, Oct 23: The chairman of giant Japanese electronics company NEC Corp, Tadahihiro Sekimoto, will step down over his company's role in a major defence scandal, the company said Friday, reports AP.

NEC President Hisashi Kaneko, however, said he would not resign.

Earlier, a Japanese news agency had said he would also quit.

The announcements came just before NEC opened a news conference on the defence procurement scandal involving the company.

Tokyo prosecutors have recently raided two NEC subsidiaries and arrested at least nine officials on suspicion the companies provided jobs to retiring Defence Agency bureaucrats in exchange for winking at inflated billings.

UK's growth forecasts Opposition demands parliamentary statement

LONDON, Oct 23: Britain's opposition Conservatives yesterday demanded a Parliamentary statement from Prime Minister Tony Blair on the government's new growth forecasts and the implications for the public finances, reports Reuters.

Leader William Hague wrote to Blair saying either he or his Chancellor of the Exchequer, Gordon Brown, must fully explain the new growth forecast.

Earlier this month, Brown said the worldwide economic slowdown would mean growth would be more "moderate" in Britain next year than the 1.75 to 2.25 per cent he had forecast.

Since then Brown has said on a number of occasions his spending plans for the next three years would not be derailed by the downturn.

Hague said in his letter he wanted to know the new forecast in detail and how spending plans could be met.

"The Shadow Chancellor (Francis Maude) and I, and many independent economists warned in July that your three-year spending settlement was reckless and based on hopelessly over optimistic growth estimates," Hague said in his letter.

"We now need to know whether the Chancellor is proposing to increase taxes and borrowing to pay for the existing ones," he said.

Maude issued a statement on Sunday saying new research showed that even if the economy did not go into recession next year.

EPB monthly statistics reveal Exports fall short of target by Tk 88 cr

By Govinda Shil

The country's merchandise exports fell short of target by Tk 88 crore or 2.32 per cent in the second month of the 1998-99 fiscal, the Export Promotion Bureau statistics revealed.

In dollar terms, the growth came down to only 2.43 per cent from the first month's growth of 11.44 per cent. However in taka terms, the growth was estimated at 10.01 per cent.

The July-August target was projected at Tk 4543.33 crore or US\$ 966.67 million while the exporters fetched Tk 4455.10 crore or US\$ 944.28 million.

Exports receipts during the corresponding period of last year stood at Tk 4049.81 crore. However, export earnings in the first month of the current fiscal had surpassed its target by Tk 228 crore and stood at Tk 2403 crore.

Both the primary and industrial products failed to achieve their respective targets during this period.

Among the primary products, only frozen foods and tea could fulfil the projections. Frozen foods fetched US\$ 60.61 million (Tk 295.95 crore) against a target of US\$ 53.33 million (Tk 251.61 crore). Tea sector earnings were up by US\$ 1.62 million (Tk 7.64 crore) as it fetched a total of US\$ 9.95 million (Tk 46.94 crore).

Raw jute made only US\$ 7.02 million (Tk 33.12 crore) against its target of US\$ 20 million (Tk 94.36 crore).

Finished leather fell short of its US\$ 33.33 million (Tk 157.50 crore) target by US\$ 6.11 million (Tk 28.82 crore). Jute goods could not reach US\$ 50 million (Tk 235.90 crore) and showed a shortfall of US\$ 16 million (Tk 75.48 crore).

Hosiery and knit products earned US\$ 177.19 (Tk 836 crore) against the target of US\$ 188.33 million (Tk 888.54 crore). Readymade garments surpassed its US\$ 521 million (Tk 2458 crore) target by US\$ 40 million (Tk 188.72 crore).

The US topped the importers' list by purchasing Bangladesh products worth US\$ 360 million (Tk 1699 crore), 38 per cent of the country's total exports.

Meanwhile, Germany trailed behind US, which imported goods worth US\$ 120 million (Tk 566.16 crore), followed by UK with US\$ 81 million (Tk 382.15 crore) and Italy with US\$ 51 million (Tk 240.61 crore).

S'pore tops Asean states in trade with China

SINGAPORE, Oct 23: China's ambassador to Singapore said the tiny city-state tops all other Southeast Asian countries in trade and economic cooperation with her country, a newspaper reported Thursday, says AP.

"Singapore now enjoys the closest economic relations with China among ASEAN countries in trade and investment," Chen Baoliu was quoted as saying in The Straits Times.

Bilateral trade reached 8.78 billion dollars in 1997, about one-third of the 25.1 billion dollars total trade between China and members of the Association of Southeast Asian Nations last year, the daily reported.

ASEAN groups Brunei, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam.

Singapore, which is predominantly ethnic Chinese, has encouraged greater trade and investment with China since the two countries established diplomatic relations in 1990.

The government here has spearheaded several ambitious joint projects in various industrial zones in the mainland.

As a result, small Singapore was China's fifth largest investor last year, committing 8.75 billion dollar in fresh projects, the daily said.

But not all these projects have yet borne fruit. The Suzhou industrial park — 65 per cent owned by Singapore and 35 per cent by China — has been mired in disagreements almost since its inception four years ago.

11 Khulna BJMC units incur Tk 100.71 cr losses

JESSORE, Oct 23: Eleven state-owned jute mills in the Khulna zone suffered a loss of Tk 100.71 crore during the last fiscal year, reports APB.

The amount is about two and a half times higher than the previous year's loss which was about Tk 37.47 crore, sources close to BJMC said.

The losses have been attributed to irregular power supply, increase in the cost of production and decline in the price of jute products in international market.

BJMC sources said the extent of losses suffered by the Alemn Jute Mills during 1997-98 to totalled Tk 3.85 crore. The Carpeting Jute Mills incurred a loss of Tk 3.19 crore.

Crescent Jute Mills and Daulatpur Jute Mills incurred losses to the tune of Tk 18.13 crore and Tk 4.13 crore respectively.

Eastern Jute Mills, Jessore Jute Industries, People's Jute Mills, Platinum Jute Mills, Qaumi Jute Mills, Rajshahi Jute Mills and Star Jute Mills suffered staggering losses.

The production deficits totalled 11.782 tonnes, BJMC sources told APB, adding that the 11 jute mills suffered a production loss of 28 tonnes on an average in the event of an hour's power failure.

Mills sources observed that irregular and inadequate power supply, unusual rise in the prices of raw materials, surplus manpower, irregularities and corruption have pushed up the cost of production.

Prices of the products, however, have not increased commensurately, causing the jute mills to suffer increasing losses, they added.

Indonesia may take 2-3 years to show strong growth

COLOMBO, Oct 23: Indonesia's economy is likely to take two to three years before returning to strong growth following the Asian financial crisis, the regional head of the International Finance Corporation said Friday, reports AP.

"I think we've seen the bottom of the turmoil, as long as there is no more political instability," Rashad Kaldany, director of the South and South-East Asia Department of the IFC, told reporters in Sri Lanka to open an office.

"I noticed on a recent visit to Indonesia that the general mood is better than a few months ago. People are more optimistic," Kaldany said.

The IFC, the World Bank's private sector development arm, has about dir 1 billion invested in Indonesia's private sector.

Diana's sons may face new taxes on her estate

LONDON, Oct 23: Princess Diana's children could be hit by a fresh bill from tax inspectors who are re-evaluating her belongings, according to press reports here, says AFP.

They said tax authorities believe her dresses, jewellery and other items could be worth much more than originally estimated when her estate was first valued after her death last year.

It means princes William and Harry may have to pay even more than the 8.5 million pounds (14 million dollars) inheritance tax they paid on her estate, valued at 21 million pounds.

William, 16, and Harry, 14, cannot touch their inheritance until they are 25.

The issue at stake is the sentimental value of her belongings if they were sold at auction, as she was arguably the most famous woman in the world. For example her sapphire and emerald engagement ring, which Prince Charles bought for her in 1981 for 28,500 pounds (45,600 dollars), would likely fetch far more than that at auction.

Narita airport posts largest ever drop in passenger use

TOKYO, Oct 23: A prolonged recession in Japan and other Asian nations caused the largest ever half-year drop in passenger numbers at Tokyo's main international airport, a spokesman said Friday, reports AP.

Akira Kojima, a spokesman for the Narita International Airport Authority, said the number of both Japanese and foreign passengers using the facility was down 4.2 per cent in the six months ended Sept. 30.

It was the largest drop from the previous year for any six-month period at the overcrowded airport since it opened in 1978, Kojima said.

The last time the fiscal first-half saw a passenger decrease was in 1991, when airport authorities reported a 2 per cent fall in the wake of the Gulf war earlier that year, Kojima said.

Kojima said that for the latest period, both passengers and cargo volume were affected by an overall economic slowdown in Japan and other Asian economies.

Fund dearth hits Delhi infrastructure Pakistan offers 3000 mw of power a day to India

NEW DELHI, Oct 23: Pakistan has offered to provide 3,000 megawatts of power daily to India, the Press Trust of India (PTI) said Thursday, reports AFP.

Power Minister PR Kumarangalam, however, said he was awaiting an official letter on the offer from Islamabad.

The offer was made by Pakistan's Energy Minister during the recent world energy conference at Houston, the Indian government minister told PTI.

Kumarangalam, however, did not elaborate on the offer, the first by Pakistan to India.

The two arch-rivals, who have fought three wars since 1947, reopened talks this month and pledged to improve ties to lessen the risk of war in South Asia.

A Reuters reports says, Indian Finance Minister Yashwanth Sinha said yesterday that a lack of funds and irrational pricing was hindering growth of the domestic infrastructure sector.

"Unfortunately, there is an absence of long-term resources for infrastructure," he told a business seminar on infrastructure.

A government panel has estimated that India needs 50 billion dollars of funds to boost its creaking infrastructure. Officials said infrastructure bottlenecks have been a key factor in holding up economic growth.

Sinha said opening up the state-controlled insurance sector would provide funds for resource-starved infrastructure sectors.

The finance minister, in his

1998/99 (April-March) budget speech on June 1, proposed throwing open the insurance sector to domestic private firms.

Sinha also said that realistic economic pricing of infrastructure services was necessary for projects to succeed and called for "hidden" subsidies should be up front and not loaded to a project," Sinha said.

"The stage has come where we should pay for the services that we need."

He said that if there was a need for subsidising certain services then it should be explicit and be confined to levels provided for in the budget.

"The question of economic price is extremely important and we have to create public awareness..." Sinha said.

Indian privatisation programme to take off with Concor sale

NEW DELHI, Oct 23: Indian Finance Minister Yashwanth Sinha said yesterday that the government's long-heralded privatisation programme would kick off with the sale of a major freight handling firm, reports AP.

"Initially we will start with the divestment of Container Corp of India (Concor) in the domestic market only," Sinha told reporters here.

While he gave no precise timetable for the sale of Concor equity, newspaper reports suggested it could take place as early as next week.

The Hindu nationalist-led coalition government has planned to raise 50 billion rupees (1.2 billion dollars) in the fiscal year to March 1999 through the sale of shares in prominent state firms in both domestic and global markets.

"We are confident of meeting

our target," Sinha said, despite repeated delays in getting the privatisation programme rolling.

Those shortlisted for disinvestment include blue-chip firms such as the overseas telecom services provider Videsh Sanchar Nigam Ltd, Indian Oil Corp. Ltd, and the Gas Authority of India Ltd.

"The pricing of the Concor issue is being worked out and will be announced at an appropriate time," Sinha said.

"Disinvestment in other firms will be taken up soon. We have a number of proposals pending before us. Our attempt is to clear the backlog and forward fresh proposals for disinvestment."

The government plans to sell off two to four million shares of Concor in the domestic market and six million shares through global depository receipts.

Sinha also said the government would bring forward proposed legislation for dealing with the deregulation of the Indian insurance sector.

"We have not lost any time. There are certain loose ends which still need to be tied up. We would be ready with the legislation before the next session of parliament," he said.

Sinha said the issue of foreign companies entering the sector would be decided by the cabinet.

"We would like to open the insurance sector to the private sector to facilitate investments in infrastructure development."

More than a dozen foreign insurers have already signed memoranda of understanding with Indian partners and opened representative offices here in the hope of the sector being opened up.