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The Daily Star BUSINESS

DHAKA, SATURDAY, OCTOBER 31, 1998

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JBCCEC Japan chapter team due today

A five-member delegation of Japan chapter of Japan-Bangladesh Committee for Commerce and Economic Cooperation (JBCCEC), led by its Chairman Uzuhiko Uwatoko, arrives here today on a three-day visit, reports UNB.

The delegation earlier met with Bangladesh Ambassador in Japan Rashed Ahmed and agreed that JBCCEC would coordinate closely with Tokyo Mission for holding the 10th JBCCEC meeting in February next in Dhaka.

The 10th JBCCEC meeting will discuss the cooperation and assistance, construction of special economic zone and promotion and increase of Bangladesh exports to Japanese market, particularly garments, shrimps and leather goods.

It was also decided to intensify coordination between Tokyo Mission and JBCCEC for the success, interalia, of the forthcoming Business Summit in Dhaka, Bangladesh Single Country and Investment Fair in March, 1999 at Tokyo and proposed Asian Trade Promotion Forum (ATPF) at Dhaka in November 1999.

All these events are expected to give significant boost to investment and trade ties between Japan and Bangladesh.

During their stay in Dhaka, the delegation will make a courtesy call on Foreign Minister Abdus Samad Azad, Finance Minister Shah AMS Kibria and Commerce and Industries Minister Tofail Ahmed and hold discussion with president and members of FBCCI.

Call for investing insurance premiums in profitable sectors

A meeting to the parliamentary committee on Commerce Ministry has asked the authorities concerned to take necessary steps to invest more in various profitable sectors from the funds accrued from insurance premiums, reports UNB.

The meeting, chaired by committee chairman Raziuddin Ahmed Raju, discussed various issues of Jiban Bima Corporation and stressed the need for making it more dynamic so that the funds accumulated from insurance premiums can be invested in a larger way in various profitable sectors.

It also discussed the corporation's services to its consumers, and its financial management, said a press release.

Committee members Commerce and Industries Minister Tofail Ahmed, Minister Mohibur Rahman Manik, Master Majibur Rahman, Akhtae Hamid Siddique, Mohammad Mosharraf Hossain, Sarwar Jamal Nizam and officials concerned were present.

Fiat gets hurt by Brazilian market fall

TURIN, Italy, Oct 30: Italy's automaker and industrial giant Fiat SpA said Thursday its results in the third quarter of 1998 were hurt by the weakness of the Brazilian auto market, says AFP.

Brazil, where Fiat has about a 30 per cent market share, is a pillar of Fiat's globalisation strategy.

The Italian group said sales slipped to 19.3 trillion lire (1.6 billion dollars) in the third quarter, from 20.3 trillion lire (1.23 billion dollars) a year before.

In the first nine months of the year, Fiat's pretax profit fell to 2.37 trillion lire (1.4 billion dollars), from 3.1 trillion lire (1.8 billion dollars).

Fiat said sales in Italy and Poland had been weaker than in other countries in the third quarter of 1998, while a further decrease in demand in Brazil was expected in the short term as a result of the recently announced austerity measures.

Fiat said it sold some 754,000 vehicles in Italy in the first nine months, down 11 per cent from a year before. Its domestic market share settled at around 40 per cent.

Overall, it sold some 1.86 million vehicles, down from 1.98 million a year before.

Fiat's sales and results last year had been boosted by Italian government-sponsored incentives to purchase new cars.

Enron chief allays American investor fears about India

By Vasantha Arora

WASHINGTON, Oct 30: Enron International chief Rebecca Mark has tried to allay apprehensions of American investors about political stability in India, asserting that despite frequent leadership changes, the country's system works "extraordinarily well."

Mark, whose company is setting up a multibillion dollar power plant in Maharashtra, told a meeting titled "Partnerships for Sustainable Development in India," that "India is a very complex democracy."

Speaking on Enron's experience in India, she said it took a while for outsiders to learn the functioning of the Indian system, which worked, but at a little slow pace.

Mark, whose project had triggered one of India's biggest political controversies in recent years, said Enron was happy to participate in India's infrastructure development.

She said India was rich in natural gas, allowing scope for foreign collaboration in exploration in several offshore areas. Mark said India faced a major energy shortage and pri-

orities of government public utilities was very slow.

The Enron Chief Executive Officer (CEO) was speaking at a conference organised by the Tata Energy Research Institute, North America (TERI-NA), in association with the United States' National Academy of Sciences.

Former Indian Minister of State for Power and Science and Technology Y.K. Alagh, who opened the meet, said the Indian government was committed to privatising its energy companies, including the Oil and Natural Gas Corporation (ONGC). It was now just a matter of time, he added.

Alagh was confident that India would have rational prices for its energy in the next five years. He cited two reasons. The first was the inability of the financial system to bear the cost of subsidy any longer and the second the growing consciousness among politicians that it was difficult to sustain for long the present low power tariffs.

He said India was cooperating with Bangladesh and Nepal in the energy sector and there

was a real possibility of energy exchange with Pakistan.

TERI president R.K. Pachauri spoke of India's abysmally low level of energy consumption and the adverse environmental effects of unscientific use of natural resources. He said pollution-related damage in the first 50 years of India's independence has been estimated at about ten percent of the gross domestic product (GDP).

Three years ago TERI had begun a major project, GREEN India 2047, to estimate and assign economic values to the degradation and depletion of natural resources that have taken place in the 50 years of India's existence as an independent nation. The project is now in its second phase and is developing a set of strategies for the next 50 years to achieve the goal of sustainable economic growth.

It was of paramount importance to a developing country like India to achieve rapid but equitable growth in the coming decades, he said.

— India Abroad News Service

REB embarks on Tk 48cr project in Jhalakati

JHALAKATI, Oct 30: Bangladesh Rural Electrification Board has embarked on an electrification programme in the district at a cost of Tk 48.40 crore under the fifth phase of a region-based project, reports UNB.

Under the project, two 33/11 kv-line power sub-stations — one alongside the Jhalakati-Barisal road and another in Rajapur thana — will be set up to install 750 lines in four thanas by the year 2004.

Official sources said, of the total project amount, Tk 25.77 crore will come from local funds while Tk 22.63 crore from OPEC and German assistance.

On completion of the project, 36,582 subscribers, including 33,003 residential and 2635 commercial ones, six irrigation projects and 37 industries — will get power facility in Sadar, Nalchit, Rajapur and Kathalia thanas.

Palli Bidyut Samity has so far given 5,288 electric connections in the district, the sources said.

China moves to better investment environment

NEW YORK, Oct 30: China has taken a number of measures to ensure better environment for foreign investment, Vice Minister of Foreign Trade and Economic Cooperation (MOFTEC) Long Yongtu said on Monday, reports Xinhua.

China has increased allocations for basic infrastructure construction to achieve the economic growth target of eight per cent this year, he said at a luncheon talk held by US Foreign Policy Association on the occasion of China/US investment and trade symposium.

China is striving to keep its currency stable and to establish a trade and investment legal system in line with the international practice, he said.

Speaking in the capacity of China's chief representative for trade negotiations, long reiterated China's willingness to accede to the World Trade Organization (WTO).

The two-day symposium started today.

Despite a decrease in foreign investment from Asia as a result of the Asian financial crisis, China has attracted more foreign investment this year, MOFTEC officials said.

MOFTEC statistics show that US investment in China has grown 46 per cent to 4.48 billion US dollars in approved contractual value for the first nine months of this year.

Prices near 10-yr low OPEC unlikely to agree on further output cuts

CAPE TOWN, Oct 30: OPEC producers gathering for talks in South Africa signalled on Wednesday they were unlikely to agree on more painful output cuts despite suffering oil prices near 10-year lows, says Reuters.

Most ministers said their informal meetings on the sidelines of an international energy conference in Cape Town would focus more on prolonging existing cuts than making additional reductions in the volume of supply.

"I don't think at this juncture anybody is willing to cut again," one delegate said, rejecting calls from some members for more cuts.

"This is not an OPEC meeting. Let's wait till next month," Saudi Oil Minister Ali Al-Naimi said, referring to a formal OPEC ministerial meeting on Nov. 25 that has decision-making status.

OPEC President and United Arab Emirates Oil Minister Obaid Bin Saif Al-Nasser said ministers were not likely to reach a decision on whether to make a third round of cuts after two rounds earlier this year.

Rising demand in Pak black market raises fake dollar circulation

KARACHI, Oct 30: Rising dollar demand in the Pakistan black market due to strict foreign exchange regulations has increased the circulation of counterfeit greenbacks, dealers said today, reports AFP.

"The circulation of fake dollars has created problems for customers who approach illegal mobile money changers," Owais Kalia, leading money changer, said.

He said the problem was mostly in the illegal market as licenced money changers "are very cautious about the genuineness of dollar bills and have expertise to detect locate counterfeit notes."

Pakistan froze foreign exchange currency accounts worth 11 billion dollars in the country's banks in May to prevent a panic run on the accounts after it conducted nuclear tests.

The forex reserves of the country have fallen from 1.43 billion dollars in May to only 500 million dollars this week, enough for barely two weeks of imports.

Strong rumours of a devaluation of the Pakistani rupee prompted the green back to appreciate to more than 64 rupees a dollar in the market against the official rate of 46 rupees.

The central State Bank of Pakistan (SBP) intervened to regulate the open market and brought down the exchange rate to 56 rupees per dollar.

Local and foreign banks Pakistan resumes seafood export to Europe

KARACHI, Oct 30: Pakistan has resumed exports of seafood to Europe with a first shipment worth 12 million dollars after the European Union (EU) lifted a ban, business sources said yesterday, reports AFP.

Tariq Ikram, a leading seafood exporter said the first shipment of 35 containers left Karachi this week for various destinations in Europe after a gap of two months.

The EU imposed a ban on imports of Pakistani seafood in July after its inspection team reported unhygienic handling of seafood at Karachi harbour and several processing factories.

The mission has now qualified only four processing factories for the exports of seafood to Europe, the sources said.

Pakistan export seafood worth 171 million dollars annually, of which more than 55 per cent goes to the EU countries.

dealing in foreign exchange maintain daily currency rates for exports and imports. The interbank rate has been ranging between 49 and 50 rupees a dollar.

The SBP has warned 800 mobile money changers to obtain licences for the currency business in one month.

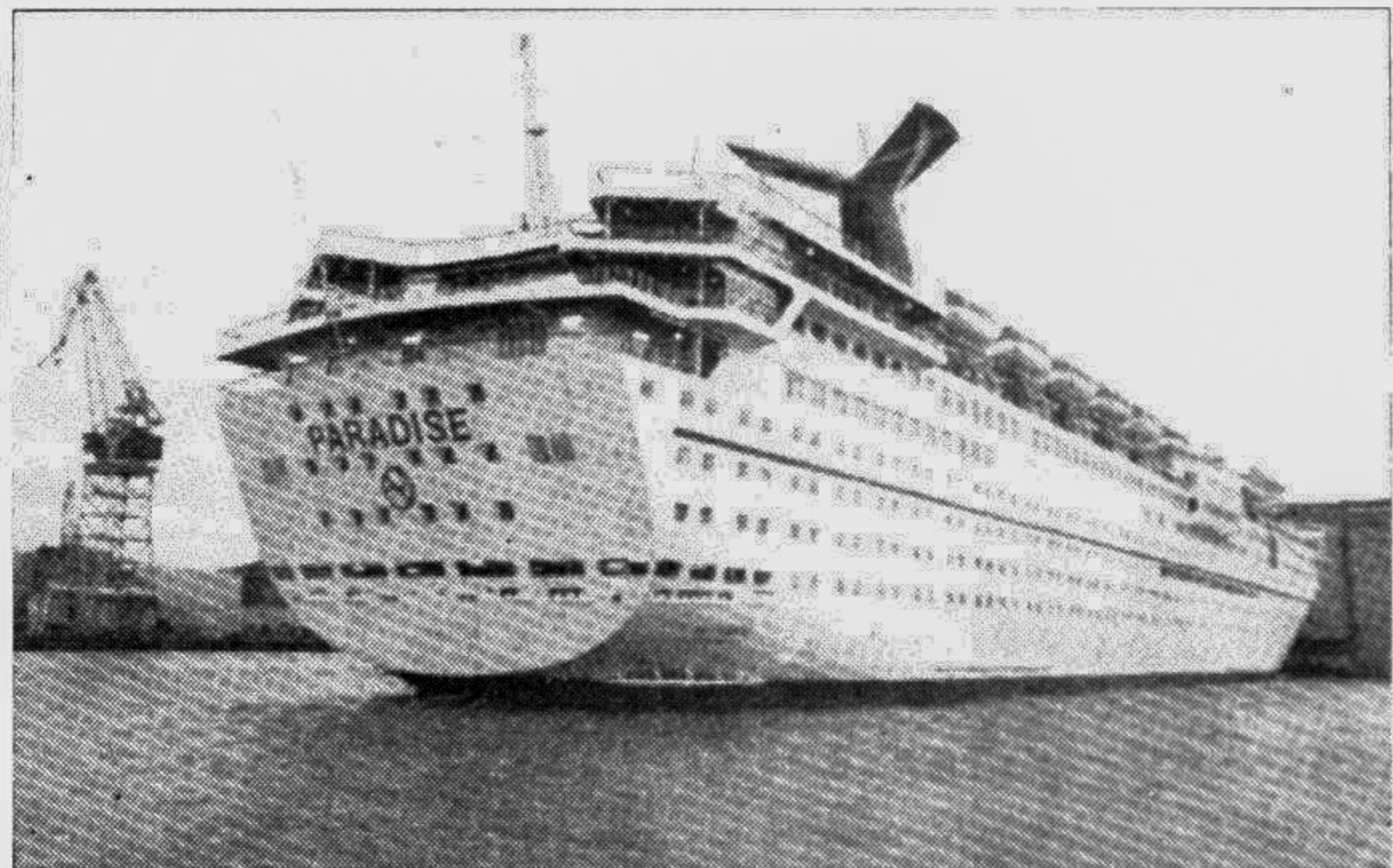
The central bank has also asked about 300 licence holders to fix dollar-rupee parity rates on a daily basis and sell dollars to only such travellers who possess visas and confirmed tickets.

Kalia said the parallel market for fake currency notes was not a new business in the country. "It is there for years like the practice in other countries of the world."

"Fake dollar dealing is a profit making business all in countries around the world, including United States too," Kalia said.

Bostan Ali, President of the foreign Exchange Association (FAA), said the business in fake US dollars had increased after the government's restrictions.

"I have received frequent complaints about sale of fake dollars in the illegal market. But we cannot help it as we do not have any control over this market since they are not our members," he said.



The luxury cruiser Paradise at the Masa Yards shipyard, Helsinki, on Wednesday. The 70,400-ton ship, designed to carry 2,600 passengers and 900 crew members, was delivered to its owner Carnival Cruise Lines in Helsinki on Thursday. — AP/UNB photo.

WWB meet begins in Gujarat Impoverished women seen as saviours of Third World

NEW DELHI, Oct 30: The key to India's future prosperity lies with tens of millions of women living below the poverty line in rural communities, says AFP.

Such is the firm belief of Women's World Banking (WWB), the global leader in "micro-financing" for poor women which kicks off its two-yearly conference in western India today.

"Poor women are not the problem they are the solution," said WWB President Nancy Barry.

"In the micro-finance movement, we have shown over 10 million times that poor women are the world's best credit and savings clients."

Micro-financing involves lending small amounts of money to those at the lowest rungs of society to help invigorate third world communities around the world.

The WWB has championed micro-lending since its inception in 1979, and the concept has caught on to the extent of attracting major lenders like the World Bank and high-profile backers like US First Lady Hillary Clinton.

The WWB, which operates in

more than 50 countries, offers small loans — often just a few hundred dollars — to small-time women entrepreneurs looking to escape the poverty trap.

Payback ratios have been above 95 per cent — as compared with 80 per cent for more conventional programmes — and as the enterprises grow and generate earnings, they eventually graduate to borrowing from established banks.

"The financial crises in emerging markets around the world show the extreme risk of having too much money chasing too few large companies," Barry said.

"Hopefully we will learn the lesson that countries cannot afford to ignore the poor women and men that are the base and backbone of our economies."

Despite the proven success of micro-lending, a key focus of the WWB conference in Ahmedabad in the western Indian state of Gujarat, will be how to promote awareness of the opportunities it offers.

Despite numerous government programmes, pressure on banks and efforts by non-gov-

ernmental organisations, only two per cent of the estimated 60 million self-employed Indians who live below the poverty line have sustained access to financial services.

"Like many developing countries, India suffers from an over-reliance on subsidy culture," said Barry.

"The fact is that poor people don't want handouts from one-off government programmes, they need sustained access to reliable financing."

WWB loans are extended through its affiliate, which are legally established local institutions with their own boards, management and staff.

Interest rates are extremely high — averaging around 30 per cent — to cover the heavy transaction costs of micro-finance loans.

"But that is still way below the 50 per cent rate that local money lenders charge in countries like India," Barry said.

P. Tamilarasi was running a small eatery in northern India and was 30,000 rupees (710 dollars) in debt when she joined a WWB-backed savings and credit group in 1994.

Asian stocks end week higher

HONG KONG, Oct 30: Asian stock markets ended the week generally higher Friday, but bucking the trend was the Tokyo Stock Exchange, where the key index fell on worries over Japanese corporate earnings, reports AP.

Tokyo's benchmark 225-share Nikkei Stock Average shed 104.21 points, or 0.76 per cent, closing the week at 13,564.51.

On Thursday, the index gained 152.65 points, or 1.13 per cent. Share prices initially moved higher, responding to news that Mitsui Trust and Banking Corp, a major Japanese trust bank, was to withdraw from overseas banking as part of restructuring plans.

Sentiment later turned bearish, however, as many investors sold major blue chips.

Many export-oriented Japanese companies have forecast declines in earnings for the full fiscal year partly because of poorer overseas sales caused by the yen's appreciation against the dollar.

Meanwhile, the dollar was quoted at 116.08 yen, down 0.28 yen from late Thursday in Tokyo and also below its late New York level of 116.93 yen overnight.

Philippine shares rose sharply to a new three-month

high, as the peso's steady gain on the dollar spurred across-the-board buying, traders said.

The peso crossed the key 40.50-level to the dollar Friday, stoking expectations of a further softening in domestic interest rates.

The dollar averaged 40.398 pesos for the day, down from Thursday's average of 40.831 pesos.

The 30-share Philippine Stock Exchange Index soared 86.08 points, or 5.2 per cent, to 1,755.04, stretching its rally to a seventh day.

Share prices in Hong Kong closed sharply higher, with the key index rising 2.3 per cent on the back of an overnight rally on Wall Street.

The blue-chip Hang Seng index rose 223.48 points to 10,154.94, its highest close since May 5. On Thursday, the index had slipped 4.4 points.

Brokers, said the index surged through the 10,000-point barrier shortly after the market opened in reaction to Thursday's gains on Wall Street, where the Dow Jones industrial average rose 123.06 points or nearly 1.5 per cent to close at 8,495.03.

Elsewhere: SINGAPORE: Share prices

closed higher on expectations of another imminent round of interest rate cuts by local banks. The Straits Times Index rose 1.6 per cent, or 18.97 points, to 1,204.62.

TAIPEI: Share prices closed higher as investors were encouraged by the release of a batch of solid corporate earnings. The market's key Weighted Stock Price Index rose 84.57 points, or 1.2 per cent, to 7,101.46.

WELLINGTON: New Zealand share prices closed higher. The NZSE-40 capital index rose 13.95 points, or 0.7 per cent, to 1,878.55.

SYDNEY: Australian share prices closed sharply higher, with index rising to its highest closing level since the middle of August. The All Ordinaries index rose 30 points, or 1.1 per cent, to 2,647.3.

JAKARTA: Share prices closed lower on continued selling in blue-chip issues as the market anticipates forthcoming corporate results to be poor. The Composite Index fell 8.642 points, or 2.8 per cent, to 300.77.

KUALA LUMPUR: Malaysian share prices closed mixed. The benchmark Composite Index slipped 1.02 points, or 0.2 per cent, to 405.33.

Asian recovery hopes may prove a false dawn

TOKYO, Oct 30: Fragile hopes have flowered that the worst is over in Asia's economic crisis, but fears persist that it will prove a false dawn, reports Reuters.

Among the worries are doubts as to whether Japan can drag itself out of recession, concerns over just how slow America's economic slowdown will be, and fears that global excess capacity will outweigh demand and spark deflation worldwide.

"I hope we're approaching the bottom but this is still an extremely sensitive environment and it wouldn't take much to blow it off course," said one diplomat in Tokyo.

Economists share those concerns. "The platform for recovery in some Asian countries is becoming firmer," said Rob Subbaraman, regional economist at Lehman Brothers in Tokyo.

tom has been touched in the crisis which caught fire in July last year sparked recent rallies in regional stock markets, but many investors seemed to lose their nerve as this week began.

Hong Kong and Singapore shares surged on Tuesday, but falls in Tokyo and Seoul underlined the fragile Asian sentiment.

"I think we may be at the bottom in terms of the deterioration of the deterioration," said Graham Courtney, an economist at Warburg Dillon Reed.

"But it is going to turn around? The short answer is 'no', because domestic demand has proven to be incredibly weak, and external demand stimulus is not there."

among the Asian economies," Subbaraman said. "It would be best to use the term 'Asia' sparingly."

Among the nations which were targets of International Monetary Fund-led bailouts, Thailand — which led the way into the crisis — could lead the way out, Subbaraman said, pointing to Bangkok, easier monetary and fiscal policies and falling interest rates.

"And they've been ahead of the curve in terms of implementing IMF reforms, and that is starting to bear fruit," he added.

Others said South Korea, despite its corporate restructuring woes, could give Thailand a run for its money.

because of its late start on implementing reforms, the depth of its structural problems, and the severe damage done to investor confidence by the economic and political turmoil, economists said.

Malaysia, meanwhile is likely to return to growth in 1999 after shrinking this calendar year, but economists fear the expected recovery will be neither healthy nor sustainable.

Kuala Lumpur on Friday presented a stimulative budget which said the economy would grow by one per cent next year after a 4.8 per cent fall this year, but said the nation's budget deficit would rise to 6.1 per cent of GNP in 1999 from 3.7 per cent in 1998.

"It looks good... but it's not going to be quality growth," Subbaraman said. "It's going down a dangerous path of deflation but not reforming the economy."

accounts for some 70 per cent of Asia's Gross Domestic Product (GDP), still haunt the rest of the region despite some signs that a banking sector cleanup and more aggressive fiscal policies may finally end the prolonged slump.

"So much of how quickly these countries recover depends on how the Japanese handle their situation," said William Belchere, head of currency and fixed income research at Merrill Lynch in Singapore. "I'm pretty negative on the, but some people are giving them the benefit of the doubt."

Should Japanese banking reforms falter, as they have before, renewed weakness in the yen could set back regional recovery.

"If yen/dollar goes down to 170, Hong Kong is back into deep recession and China becomes even more problematic," Belchere said, adding that Merrill Lynch has forecast a return to 160 yen to the dollar over 12-month period.

Slowdowns in the United States and Europe are also big wild cards for Asia, casting doubt over the sustainability of returns to current account surpluses, which have been felled by a collapse in imports rather than export growth.

These are small, open economies. Part of their success in stabilising has been the massive turn-around in the current account from deficit to positive, but there's been no export growth, and if exports can't grow a second year, it puts even greater pressure on the external side," Belchere said.

Longer-term, crisis-hit economies still face huge challenges tackling the structural reforms needed to underpin sustainable recoveries, "there are still serious structural issues," said Toru Kusukawa, Chairman of the Board of Councillors of Fuji Research Institute. "I'd put the possibility of a turnaround at 10-per cent — until now it was zero."

Tata Steel profit plunges on Indian economic slump

BOMBAY, Oct 30: India's largest private steelmaker Tata Iron and Steel Co Ltd (TISCO), announced yesterday a 45 per cent fall in net profits for the six months to September, reports AFP.

TISCO said net profits were down 45 per cent to 960 million rupees (24 million dollars), from 1.7 billion rupees in the same 1997 period.

Sales were up 3.8 per cent at 1.3 million tonnes, the company said in a statement. Chairman Ratan Tata blamed the profit plunge on the ongoing economic slowdown in India.

However, he added that net profits for the three months to September had improved over the April-June period.