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The Daily Star

BUSINESS

DHAKA, SUNDAY, NOVEMBER 1, 1998

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China needs \$12b tax revenue to balance budget

BEIJING, Oct 31: China needed to raise 100 billion yuan (12 billion dollars) in tax revenue to balance the budget, Xinhua said today, reports AFP.

Vice Premier Li Qiang was quoted as saying China's tax bureaus and finance departments needed to take immediate action to increase taxes and cut expenditures to balance the budget.

Tax revenues needed to be increased by 100 billion yuan, Li said at a State Council telephone conference on tax revenues and expenditure.

The National Peoples Congress approved in March a 1998 budget that forecast a deficit of 46 billion yuan, down 18 per cent on the previous year.

Li was quoted as saying there were a large number of legal loopholes in the country's tax system, and an effort needed to be made to close them.

He said some local leaders were encouraging business to avoid paying state taxes to prevent tax money leaving the area.

Li warned that this practice had to be dealt with severely, no matter the level of leaders involved.

Between January and May, state revenues rose 7.7 per cent compared with the previous corresponding period, a growth rate weaker than the 10.2 per cent forecast for all of 1998.

Expenditure rose 12.8 per cent in the period, greater than the 12.9 per cent set for the year.

Li said outstanding taxes, which have long been a headache for tax departments, had to be cleared, adding that while the general quality of tax work had improved, corruption and embezzlement still existed to a degree.

Accord to address unemployment in Africa

MIDRAND, South Africa, Oct 31: Government, labour and business leaders set aside their differences yesterday to address the needs of South Africa's vast numbers of unemployed at a "job summit," reports AFP.

A 95-page declaration summing up months of intensive negotiations about how to slash the unemployment rate — said to be as high as 36 per cent — was signed by the parties at the end of the one-day gathering in this town midway between Johannesburg and Pretoria.

The document outlines areas of agreement on measures to create jobs, including boosting tourism and small business, but the groups admitted ahead of the meeting they still had not worked out key differences.

These relate to government's macro-economic policy and labour's call for a moratorium on redundancies.

That there were points of discord as admitted by President Nelson Mandela in his opening address, which was pre-recorded since he went to Nigeria for a state visit and to attend a mainly West African summit.

"We are aware there are still very important differences amongst us, including the issues of job security, approaches to industrial action others relating to the job market," he said.

India to sell Container Corp shares

NEW DELHI, Oct 31: The Indian government will sell up to nine million shares in state-controlled Container Corp. of India to foreign institutional and Indian investors, Finance Minister Yashwant Sinha said Saturday, reports AP.

Sinha said one million of the shares in the inland transport company would be set aside for retail investors at a discount. If all the shares are sold, the government's share in the company would fall to below 60 per cent from 77 per cent, according to the latest share register.

Morgan Stanley currently holds about 15 per cent and other investors hold the rest.

The government has already said that it will sell shares in four state-run companies — Container Corp, Indian Oil Corp. its long distance telephone service and Gas Authority of India — in the current fiscal year ending March 1999. The Container issue, to begin Nov. 2, was the first of the four sales to be announced.

The sales are expected to bring in around 50 billion rupees (about \$1.2 billion).

"I have always thought I would meet my disinvestment targets and I certainly still believe that," Sinha said at a press conference.

But India's large state-run lending institutions, which have substantial stakes in the companies on the block, had warned that the government might not get a good price for its shares because of the hull in the stock markets worldwide.

G V Ramakrishna, chairman of the government's Disinvestment Commission, also recently told journalists that he wasn't in favour of selling state company shares, particularly to overseas investors at current market levels.

Plan to better facilities, reduce accidents Users to manage roads

Star Business Report

The Communications Ministry has chalked out a plan allowing maintenance and management of roads and highways by the users with an aim to reduce corruption.

The other aim of the new initiative is to have better roads in place of the dilapidated ones with potholes that both disrupt traffic movement and pose accident hazards.

Officials of the ministry during a press conference in the city yesterday talked about the plan and said once the system was introduced it would bring transparency and efficiency in the overall management of the existing setup.

Meanwhile, a two-day workshop on "Private Sector Participation in Road Management and Financing" organised by the ministry begins in the city today to draw proposals and collect recommendations from local and overseas experts to implement the concept, which is quite new in the country.

International experts from the World Bank, Economic and Social Commission for Asia and Pacific (ESCAP), Zambia National Roads Board and the UK Highways Agency will be attending the workshop.

Adopting new laws and reforms within the existing ones are required to involve the

users in the maintenance and management of roads," said Karar Mahmudul Hassan, Joint Secretary, Roads and Highways Division, of the Communications Ministry.

Dr. Rahmat Ullah, Director of the Transport, Communication and Tourism section of ESCAP in Bangkok, and Ian G Heggie, Principal Road Advisor to the Transport Division of World Bank Headquarters, also spoke at the briefing.

The speakers said the road maintenance authorities were not well-accountable to the users although they were receiving money from them.

Roads should be managed

from a business point of view and not in a bureaucratic way, Heggie said, adding users did not have any say under the present system although they were paying for road management and maintenance.

Dr. Rahmat Ullah said the workshop would focus on how to create a fund for better road repair and its management.

The Roads and Highways Department has introduced toll collection on the 16 Km-long Tongi-Arshulla diversion road on an experimental basis.

"It's working fine," Hassan said, adding that people wanted to save their time in exchange for payment.



BJP leader Muzaaffar Ahmed sells onions to the public in Calcutta during a token protest rally against price rises by the central government Friday. Onions were sold for 20 rupees (\$5.0 US) per kilo and other vegetables like potatoes and brinjal at a reduced price. The sale was limited to 500 grams per head whilst stocks lasted.

— AP/UNB photo

Delhi promises to bring down onion prices

NEW DELHI, Oct 31: India's federal government promised Saturday to bring down the prices of onions and other foods, an issue that has become central to upcoming elections in the capital, says AP.

But federal Finance Minister Yashwant Sinha acknowledged that the states, not the central government, were in charge of most of the steps considered necessary — cracking down on hoarders and ensuring states with surplus onions to get the crop to states with shortages.

"We are doing whatever is in the power of the government to control prices and bring them down," Sinha said, announcing a top committee consisting of himself, the financial planning chief and the ministers of commerce, industry, food, agriculture, home and defense would meet regularly to discuss prices.

Their first meeting, chaired by Prime Minister Atal Bihari Vajpayee, was Saturday.

Sinha also announced the 10 per cent import duty on lentils and other pulses would be scrapped. India grows most of its own pulses, importing very little, so it was unclear how much impact abolishing the duty would have.

The main issue, though, is onions. Unseasonable rains decimated crops, and since late August, prices of the bulb so important to so many Indian dishes have jumped from eight rupees (20 cents) a kilogram to about 60 rupees (1.40 dollars).

"Onions are on everyone's mind," Sinha said.

High onion prices have provoked street protests, looting of trucks carrying onions to market, newspaper editorials and

Thousands of Filipino workers face arrests in Malaysia

MANILA, Oct 31: Tens of thousands of Filipino working illegally in Malaysia face arrests after an amnesty expires on Saturday, a government-controlled newspaper reported, reports AP.

The Journal, quoting an unidentified official of the Philippine Department of Foreign Affairs, said only two per cent of 96,803 the Filipino migrants have applied for the two-month amnesty, which ends Oct 31.

All those detained after that will be fined about \$750 and then repatriated.

The report said there were fears that Philippine President Joseph Estrada's open support for jailed Malaysian dissident leader Anwar Ibrahim could be a factor behind the crackdown on Filipino workers.

In a crackdown on illegal immigrants, Malaysia authorities want to deport about 200,000 foreign workers who have no permits to work.

speeches in parliament. New Delhi is among the places hardest hit, worrying officials of the Bharatiya Janata Party that governs the city as they prepare for Nov. 25 local elections. The union issue could conceivably topple the government in New Delhi, which is its own state.

Sinha said the federal government, which is also headed by the BJP, was not stepping in for political reasons.

"If the consumers are suffering, then what have elections got to do with it?" he said. "We are doing whatever is in the power of the government to control prices and bring them down."

About 800,000 have the necessary papers to work in Malaysia. The bulk of them come from Indonesia. The rest come from Bangladesh and the Philippines.

Philippine government records indicate that most of the illegal Filipino workers are in the east Malaysian state of Sabah close to the southern borders of the Philippines, the Journal said.

Malaysian Prime Minister Mahathir Mohamad was quoted by Bernama national news agency as saying Saturday that his country can save "substantial funds" by reducing dependence on foreign workers and sending fewer students overseas.

Two weeks ago, the Malaysian government said productive sectors facing serious labour shortages will be allowed to recruit foreign workers, despite the crackdown on illegal immigrants.

Toshiba, Hitachi witness fall in profits

TOKYO, Oct 31: Japanese electronics giant Toshiba Corp. posted losses of more than \$50 million in the first half of fiscal 1998 — the company's first dip into the red in nearly 50 years, the company said Tuesday, reports AP.

Hitachi Ltd., the country's largest electronics maker, also announced losses for the half-year ended Sept. 30.

Toshiba posted a 6.4 billion yen (\$53.6 million) parent pre-tax loss for the latest six months, against a 25.4 billion yen (\$212 million) profit in the same period last year.

Toshiba also had a 6.4 billion yen (\$53.6 million) parent net loss for the half-year after posting a 22.45 billion yen (\$188 million) profit the previous year.

Toshiba's parent sales were down 12.3 per cent to 1.60 trillion yen (\$13.4 billion) from 1.82 trillion yen (\$15.2 billion) the previous year.

The company blamed its poor results on a drop in semiconductor prices and slow demand for computers and consumer electronics. It said the Asian financial crisis had cut into demand for memory chips.

It was the first time the company had recorded pretax losses since 1950, said company spokesman Kazuyoshi Ishiyama.

Hitachi recorded a parent pre-tax loss of 6.2 billion yen (\$580 million) for the half-year compared to profits of 33.3 billion yen (\$279 million) a year earlier.

The company recorded a parent net loss of 12.7 billion yen (\$1.04 billion) for the latest six months against a profit of 24.3 billion yen (\$204 million) a year earlier.

Filipino central bank okays more banking reforms

MANILA, Oct 31: The Philippine Central Bank approved Monday two additional measures aimed at strengthening the banking sector, reports AP.

The banking reforms still must be submitted to Congress for approval, however.

The first gives banks a maximum of 60 days upon declaration of a bank holiday to reopen. Bank holidays are granted to banks experiencing severe financial difficulties or excessive withdrawals.

The second gives banks the leeway to go below the required 10 per cent statutory reserve requirement for a maximum of 90 days.

In both cases, any bank that fails to comply with the requirement within the specified time frame will be subject to receivership proceedings with the Philippine Deposit Insurance System, which insures deposits in banks.

More than 20 mostly thrift and savings banks have been placed under receivership by the central bank this year, largely due to capital constraints and mismanagement.

Int'l Monetary Fund warns India mustn't go for high growth without strong financial system

NEW DELHI, Oct 31: India must not chart a high growth path without a "proper and robust" financial system, the International Monetary Fund warned here, says AP.

"I do not think any government should commit itself to a higher growth without putting in place firmly a robust financial system, particularly during a difficult external economic environment, IMF Deputy Director Fleming Larsen told reporters.

Larsen said India's gross

domestic product would decline to 4.8 per cent this fiscal year from five per cent recorded during last year and 7.5 per cent growth in 1996.

He said India was justified in its "cautious approach" in moving towards capital account convertibility after the East Asian meltdown but said in the long run it was necessary for India to integrate itself with the global economy.

For emerging markets like India "there is clearly scope for strengthening efforts to ensure

that capital account liberalisation is well sequenced and prudent," he said.

The Indian rupee is currently convertible for current account trade in areas such as short-term banking and credit facilities.

It is not convertible for capital account transactions such as direct investment, international loans and security trading.

Larsen said an important lesson of East Asian crisis was "that strong growth is not sustainable when high capital accumulation was not matched by adequate rate of return."

"It is more dangerous if capital accumulation is through a lot of borrowing at a time when the rate of return is nil or negative."

The IMF official said a pile of bad debts of banks and massive lending in real estate contributed to the meltdown, adding there "is a need for carrying out financial sector reform."

"It is easier to carry out fiscal reforms when the global economy is looking up... India should carry out fiscal disciplines when the going is relatively good."

Larsen said he was against increasing public expenditure by resorting to fiscal deficit, "as this will push up interest rates which will amount to diverting scarce resources."

India's fiscal deficit is about six per cent of the gross domestic product and the government has targeted 5.6 per cent in the fiscal to March 1999.

He said the federal budget unveiled by the Hindu nationalists in June "implied a loose fiscal stance" and increased "protection to the manufacturing sector."

Pak crackdown on violence seen boosting exports

KARACHI, Oct 31: Pakistani business leaders today welcomed a new government crackdown on violence in Karachi, saying the restoration of peace in the industrial and commercial centre would boost production and exports, reports AP.

Prime Minister Nawaz Sharif on Friday suspended the provincial government in Sindh, of which Karachi is the capital, imposed direct federal rule and ordered an operation against lawlessness and terrorism.

Majid Aziz, chairman of an association of industrial units, said frequent violence and strikes in Karachi had resulted in production losses worth millions of dollars.

"If Karachi is disturbed, it means the entire country is disturbed", Aziz said, adding "We fully support the government's move."

Abdullah Ismail, President of the Karachi Chamber of

Commerce and Industry (KCCI) said recurring acts of violence and terrorism had also discouraged foreign visitors.

"I am about to lose an order worth 1.2 million dollars for the export of leather goods to a leading buyer in Lisbon as the buyer does not want to come to Pakistan," he said.

Ismail said he hoped the new measures would restore law and order in the city and revive industrial and commercial activities.

Sheikh Mohammad Obaid, a leading textile exporter, said Pakistan's exports would substantially increase if law and order was improved in the port city.

"I am optimistic and hope that the direct federal rule here will bring peace and security," he added.

A leading trader said the business community had been "very scared" because of car and money snatching incidents and routine daily killings.

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UN-sponsored conference told Economic crisis, natural disasters threaten basic social services

HANOI, Oct 31: The global economic crisis and a rash of natural disasters threaten to roll back improvements in providing universal basic social services, a UN-sponsored conference heard Tuesday, reports AP.

"As always, the weakest among us are the ones to suffer the most," Hilde F. Johnson, Norway's minister of international development and human rights, told the opening session on implementation of the "20/20 Initiative."

"The global economic crisis is forcing people out of work, families out of their homes and children out of their schools."

Under the 20-20 initiative, governments are supposed to allocate 20 per cent of their budgets — and donors 20 per cent of their aid to ensure basic education, primary health care, reproductive health and population programmes, nutrition programmes and safe water and sanitation.

Representatives from more than 60 nations and multilateral organisations are attending the three-day meeting as a followup to a conference in Norway 21/2 years ago that forged the initiative.

Speakers said progress is reaching the goals has been slow, complicated by the economic crisis that began in Southeast Asia.

"Twelve months ago, developing countries as a whole were on a path toward strong growth over the next decade," said Nafis Sadik, executive director of the UN Population Fund.

"Now, it is estimated that more than 20 million people

fell back into poverty in East Asia, where growth is likely to be hesitant for several years to come."

In addition, she said, disasters like floods in Bangladesh and China have set back recent economic and social gains.

Johnson admitted it is hard to convince governments to increase spending on social services when their budgets are shrinking. But she said the long-term gains more than outweigh the costs.

"No investment is more important than primary health and education," Johnson said. "No investment yields higher returns."

"If Asia — on top of its current financial trouble — experiences real setbacks in health

and education, it will undoubtedly mean an even more serious setback for development."

The cost of achieving universal coverage of basic social services is estimated around \$206 billion to \$216 billion per year less than one per cent of global output and less than half the amount spent on tobacco. Actual spending is only about \$136 billion, Sadik said.

Johnson put the benefits in practical terms.

"Only healthy children fully benefit from schooling," she said. "Only healthy adults can utilise their full potential... Illness breeds dependency and diminishes the possibilities of everyone. It is an obstacle to development."

"World Bank studies even show that educating girls is the single most profitable investment of all" because it brings higher productivity, lower infant and maternal mortality and lower fertility, Johnson said.

Sadik said that each year, about 12 million children die of preventable causes and some 600,000 women of pregnancy-related complications. Nearly one billion adults remain illiterate, more than one billion people have no access to safe water, and nearly three billion lack access to adequate sanitation.

While developed countries are shirking their responsibilities, Johnson said poor nations also need to make good-faith efforts by switching priorities from military spending to social programmes, fighting corruption and implementing consistent policies.

Tk 144 cr RADB loan programme for Rangpur, Dinajpur

RANGPUR, Oct 31: The Rashahi Agricultural Development Bank (RADB) has taken up a Tk 144 crore post-flood rehabilitation programme in greater Rangpur and Dinajpur districts, reports APB.

Under the programme, agricultural loans will be disbursed in eight districts of the region.

Sources said Tk 20.9 crore will be distributed in Rangpur, Tk 13.91 crore in Lalmonirhat, Tk 15.21 crore in Nilphamari, Tk 16.99 crore in Kurigram and Tk 13.61 crore in Gaibandha.

Commodity: Weekly Roundup

Oil picks up as sugar and tea prices tumble

LONDON, Oct 31: Oil prices picked up slightly this week amid secrecy surrounding the international energy conference in South Africa, where OPEC and non-OPEC states discussed the oversupplied world oil market, reports AP.

"There's no real news coming out of Cape Town, although no one is expecting more output cuts at this stage," said a trader at IPE.

However, signs were emerging of a growing dispute over future strategy on reducing output to end the glut and subsequent price slump.

In a "little drama inside OPEC" Kuwait walked out on talks, a trade in London said.

RUBBER: Flag. The rubber market was quiet this week, with the London index unchanged at 500 pounds a tonne for November and 505 pounds a tonne for December. The RSS1 index in Kuala Lumpur was also

stable at 2.81 ringgits a kilo.

SUGAR: Iced. Sugar prices fell amid poor demand this week, despite hold-ups to European sugar beet harvests due to cold and rain, with March contracts trading at 225.30 dollars a tonne, down 1.2 dollars.

Investors were encouraged that the Brazilian government's ruling out of a devaluation of the real and the passing of an austerity budget will lessen the possibility of a wave of selling by Brazilian producers.

Another factor keeping prices relatively supported was Hurricane Mitch, currently near Honduras, traders said.

TEA: Light. The Mombasa, Kenya, auctions saw falling prices, the Tea Broker's Association in London said.

Good quality BP1 rose slightly, but some lots fell to 25 cents a kilo, while mediums fell between seven and 12 cents a kilo. Dusts rose 15 cents a kilo,

but dusts lost 24 cents a kilo.

Sri Lankan producers are still waiting for stabilisation in Russia, their main client, after stopping sales in August, sending local prices plummeting by 10 per cent.

Most exporters believe that Russian tea reserves are near their end and that imports will start again soon. Low quality lots are already finding buyers from Russia.

COTTON: Frayed. Cotton prices fell to a six-year low under speculative selling and China's decision to increase export subsidies.

However, traders say that prices may pick back up amid bargain hunting and the effect of bad weather. Heavy rain in West Texas has slowed harvesting and hurricane Mitch in the Gulf of Mexico has also threatened cotton crops.

On the cotton outlook index cotton fell to 58.80 cents a

pound from 59.90 cents.

Meanwhile, in India the east India cotton association was preparing to resume cotton futures trading in Bombay for the first time in 30 years.

India is the third biggest producer behind the United States and China, with a record crop of 18 million bales of 170 kilos in 1998-99, compared to 15.325 million bales the previous season.

COCOA: Cold. March cocoa fell 15 pounds to 1,028 pounds a tonne amid weak demand as deliveries began from Ivory Coast, the world's biggest producer, although in smaller quantities than usual.

Another blow to foreign investors was the comparative strength of sterling following the recent US interest rate cut.

COFFEE: Black. January robusta coffee continued to slip, closing at 1,615 dollars a tonne from 1,633 on technical factors.

However, prices should recover in coming weeks due to a slowing down in supply, with only limited deliveries from Vietnam as the market waits for the start of Ivory Coast and Ugandan deliveries.

In New York, March Arabica fell slightly to 104.35 cents a pound from 104.50 cents.

Trading was quiet due to uncertainty about the impact of hurricane Mitch on the central American coffee plantations.

VEGETABLE OILS: Slippery. Profit-taking sent prices sliding this week in US trading, but there was support from Brazil, where the government's pledge to avoid a devaluation of the real made massive producer selling less likely.

On the Chicago Board of Trade (CBOT), soy fell four cents to 5.51 dollars a bushel for 27.2 kilos for November.

GRAINS: Burnt. US wheat prices dipped slightly this week

in quiet trading as investors waited for details on proposed foreign food aid to Russia.

A Russian official's prediction of "at least three million tonnes" of wheat being sent to Russia helped support prices.

Rumours of US wheat donations to North Korea and to China for distribution to Indonesia also floated on the market.

WOOL: Golden. The wootops index on the British market at Bradford rose eight pence to 288 pence a kilo this week despite mixed demand and low volumes of trading.

Only 60 per cent of the 2.736 million kilos on offer found buyers, the committee of London wool brokers said.

In Australia, there was a growing dispute between traders and producers over the privatisation of wool international, which was responsible for disposing of huge reserves of wool.

Russian firms make up only 0.3 pc of global high tech market

MOSCOW, Oct 31: Russian companies make up just 0.3 per cent of the world's high-tech market, despite a high level of technological expertise, the Economic Ministry reported, says AP.

The ministry's Scientific and Technical Council attributed the low percentage to a lack of money for research and development, the ITAR-Tass news agency reported Saturday. The council eased its findings at a meeting Friday.

US companies make up 36 per cent of the global high-tech market, Japanese 30 per cent, and Russian ones 0.3 per cent, it said. The report did not say how many companies that included or define what kind of companies they were.

The council said Russia employs 12 per cent of the world's scientists.