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Dhaka to get $134m ADB loan

Star Business Report

Bangladesh will receive 134 million US dollars as loan from the Asian Development Bank.

The loan negotiations, held at the banks headquarters in Manila concluded on Thursday, says a press release.

The money will be utilised for rehabilitation of the damages caused by the recent floods.

The proposed loan will cover damage repairs and rehabilitation in six sectors in which the Bank has major involvement in Bangladesh.

These sectors are: railways, urban development, roads and highways, rural infrastructure, secondary education and water supply and irrigation.

The bank's management will propose the loan for consideration by the Board of Directors on December 17.

The Bangladesh negotiating team consisted of Anisul H Chowdhury, Member, Planning Commission, Abdul Mukhtadir Chowdhury, Additional Secretary, Cabinet Division and M A Mukhtadir Mazumdar, Deputy Chief, ERD.

Indonesia wants OPEC to extend output cuts

JAKARTA, Nov 20: Indonesia wants the Organisation of Petroleum Exporting Countries to extend agreed production cuts through the end of next year, the country's energy minister said Friday, reports AP.

Speaking to reporters, Kuntoro Mangusubroto said Indonesia, Asia's only OPEC member, doesn't see the need for further production cuts before then.

"Indonesia prefers to roll over the existing system rather than opt for new cuts," Kuntoro said.

The minister was speaking ahead of next week's OPEC ministerial meeting Nov. 25 in Vienna.

OPEC has been factionally split in the last few months between proponents of another round of production cuts to boost flagging oil prices and those who simply want to extend the duration of existing cuts another six months through the end of 1999.

3-day electronic goods fair opens in city

A three-day electronic goods fair 'Elexpo-98' organised by Conference and Exhibition Management Services, began at a local hotel here yesterday, says UNB.

State Minister for Information Prof Abu Sayeed inaugurated the fair, said an official handout.

The state minister in his inaugural speech, said the electronic trade show on Elexpo-98 will play a vital role in the development of trade, commerce, industry and education throughout the country.

"A developing country like Bangladesh need such type of trade fair very year to attract the visitors, clients, customers as well as common people at home and abroad," said the state minister.

He stressed the need for organising such electronic fair at district-level in order to spread knowledge about modern electronic technology.

Chairman of Partex Group M A Hashem and Chief Executive Meherun N Islam also addressed the function.

Earlier, the state minister went round different stalls of electronics goods and talked to the exhibitors. Fifteen stalls have been set up in the fair.

Beximco Synthetics declares 25pc dividend

Beximco Synthetics Limited earned a gross profit and net profit of Tk 208.489 million and Tk 102.559 million respectively for the year 1997, reports APB.

This was disclosed at the 7th annual general meeting of the company held at Sonargaon Hotel Thursday.

The company declared 25 per cent dividend at the meeting for the year 1977, said a press release.

A large number of shareholders attended the meeting and were highly satisfied on company's continued growth in terms of production, turnover and profit.

Presided over by A S F Rahman, Chairman of the Board of Directors, the meeting was attended by Salman F Rahman, Vice Chairman and Directors Iqbal Ahmed, M A Qasem, O K Chowdhury and A B Siddiqur Rahman.

Beximco Fisheries earns Tk 24cr net profit

Beximco Fisheries Limited earned a gross profit and net profit of Tk 44.63 million and Tk 24.08 million respectively for the year 1997, reports APB.

The disclosure came at the 17th annual general meeting of the company held at Sonargaon Hotel on Thursday, said a press release.

The company declared 10 per cent final dividend at the meeting for the year 1997 in addition to interim dividend of 10 per cent paid earlier.

Bid to check forgery, mismanagement

Quota transfers thru' BGMEA instead of EPB likely

CHITTAGONG, Nov 20: The government is actively considering a plan for garments quota transfers through BGMEA instead of the Export Promotion Bureau (EPB) to check forgery and mismanagement in the sector, reports APB.

Commerce and Industries Minister Tofail Ahmed said this while exchanging views with the readymade garments exporters at a hotel in the port city today (Friday).

"Imposition of 300-times penalty against any sort of quota forgery will improve the situation", he hoped, and warned that the government would not tolerate any irregularity and corruption by the officials.

BGMEA president Mostafa Golam Quddus and vice-presidents Mahbub Ali and Nurul Haque Shikdar submitted a set of proposals to the minister regarding increase of exports and development of the garment sector.

At the meeting, the BGMEA president expressed his resentment at the increase of terminal-handling charge (THC) by the shippers.

Tofail mentioned Prime Minister Sheikh Hasina's decision to attach top priority to economic agenda instead of political issues in the very first Cabinet meeting of her government in 1996.

Responding to the BGMEA demand, the minister announced that a separate committee would be formed to make speedy decisions in exporting stocklot garments of the factories located in Chittagong.

Despite the economic slump throughout East Asia and devastating floods in the country, the government will extend all-out cooperation to the business community in attaining the export target in the current fiscal year, Tofail said.

"Pragmatic suggestions from businessmen would be considered with a view to boosting the country's exports," he told the meeting organised by Bangladesh Garments Manufacturers and Exporters Association (BGMEA).

Hailing prime minister's unilateral and unconditional decision to discard hartal, they said that BGMEA would extend all-out support to her overture and try to persuade other political parties to follow suit.

The minister referred to the initiative for setting up the BGMEA Bhaban beside the proposed World Trading Centre in Dhaka.

Moreover, the minister told the business leaders that the government has taken a numbers of steps for development of infrastructure, including ports.

Trade, investment and economic policies are being simplified, the minister said, adding that more cooperation would be extended for development of the garments sector.

SEC weighing share buy-back to revamp sagging mkt

Country's capital market regulators, in a bid to revamp the sagging market, were examining the possibility of allowing the issuing companies to buy back their shares, reports APB.

An official of the Securities and Exchange Commission (SEC) said they were weighing the issue of buy-backs by the companies following suggestions from stock brokers and experts.

The recent permission by the Indian authorities to buy back shares prompted the regulators here to "examine" the possibility of introducing the facility in Bangladesh, he said.

Bangladesh's share markets have been experiencing a sluggish trend for two years now, with no signs of recovery though various steps have already taken, including introduction of the automated trading system.

Moshtaqur Rahman, a director of Chittagong Stock Exchange, observed that the buy-back mechanism could bring good results in the markets if it is applied properly.

"There should be a fair practice by all — the companies, regulators and the brokers," he said.

According to analysts, prices of many shares slumped below the levels of their economic value, reflecting a poor response from investors to the market reviving measures.

Even the incentives offered in this year's budget failed to boost the market.

Experts mainly blamed a lack of confidence on the part of the investors in general for the prolonged bearish mood in the market and suggested policy support for revitalising share trading activities.

Allowing companies to buy back their shares could prove an effective mechanism to shore up the market, the SEC official said, adding that they had already asked for the buy-back guidelines from India.

Even if the regulators decide to allow buy-backs in Bangladesh, he observed, it might take some time as the procedures here are lengthy and time-consuming.

"The question of amending the Companies Act is involved in allowing buy-backs," he pointed out, adding that it would require a presidential ordinance.

The senior SEC official also pointed his finger to the conditions that were certain to be tagged if the mechanism was introduced.

AES to build $ 120m power plant in Lanka

COLOMBO, Nov 20: Sri Lanka's Board of Investment has selected AES Corp. of the United States to build a $ 120 million power plant, an official said Friday, reports AP.

AES Corp, based in Arlington, Virginia, will head the joint venture to build the 160 megawatt thermal and steam power plant, together with Hayleys Engineering Co, a unit of the Sri Lankan group Hayleys Ltd.

The plant is part of a long term programme by the state-owned Ceylon Electricity Board to meet a 10 per cent annual growth in demand.

2,000 people to be millionaires on first day of next century

GENEVA, Nov 20: Two thousand people will become millionaires on the first day of the next century in an international lottery set up yesterday to help the world's poor, says AFP.

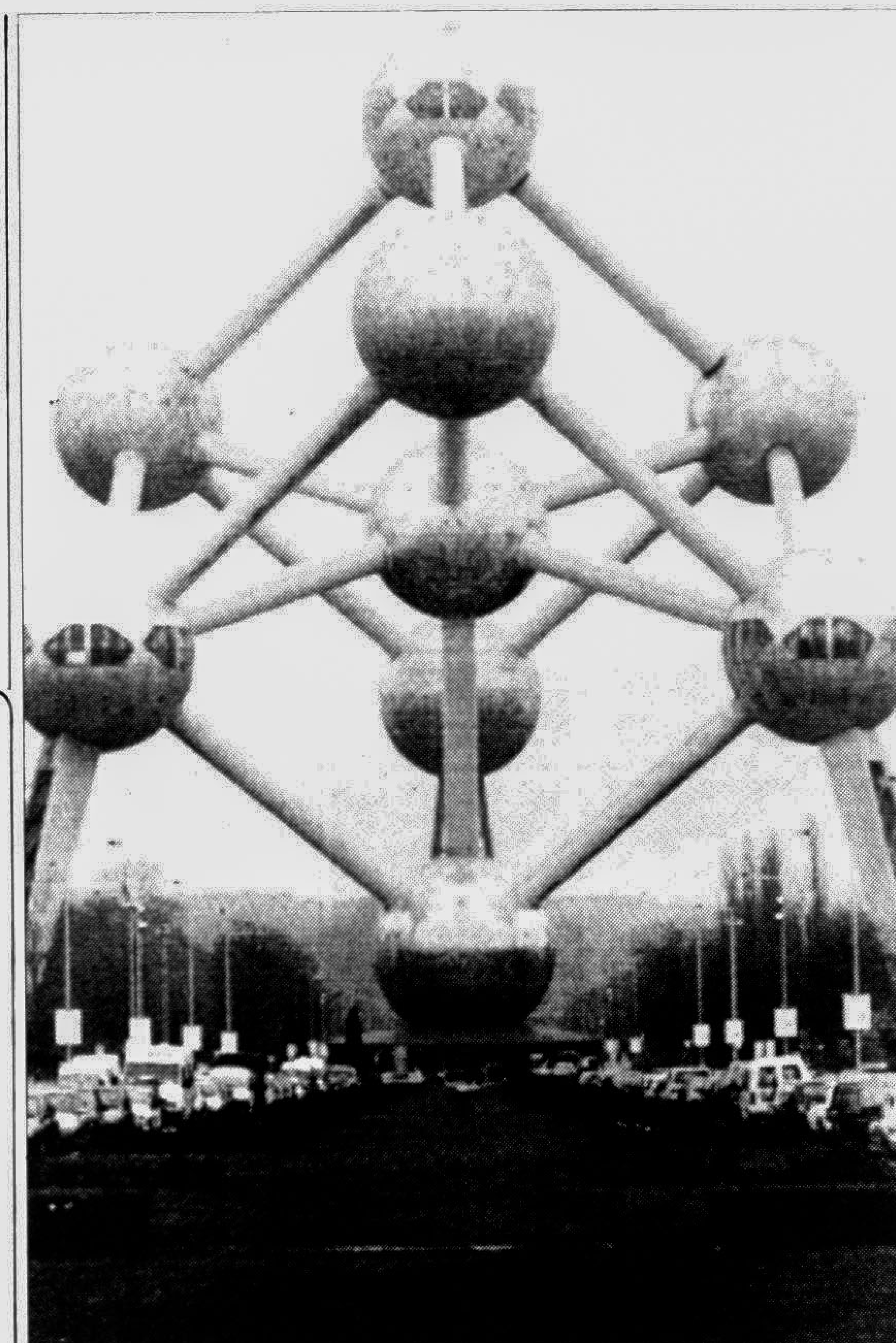
The International Millennium Fund was set up in association with the International Federation of the Red Cross Charity and the Red Crescent, its sister organisation in the Islamic world.

The organisers hope to raise a billion dollars or more from the global lottery.

At least 30 per cent of ticket sales will go to help people in need around the world, said fund director Dwight Mihalicz.

The Red Cross and other humanitarian organisations are faced with a lack of resources, as the number of people in need across the world has grown and traditional aid mechanisms suffer from a lack of donor interest.

Blocks of ten tickets, retailing at 10 dollars, can be bought from the million 2000 lottery by phone or by accessing an internet lottery site controlled by the Liechtenstein government.



The Atomium, a representation of an iron molecule, the Brussels monument of nine silver spheres which has fallen into disrepair is seen in this Feb 26 1998 file picture. Next June (1999), its nine balls will sport the colours and logo of the Virgin Express airline to help fund repairs of 650 million francs ($17.6 million) that are to be completed by 2001.
— AP/UNB photo

State Minister for Information Professor Abu Sayed and Awami League leader Amir Hossain Amu at an exhibition of electronics goods, Elexpo '98, at a city hotel yesterday.
— Star photo

Beijing to raise money supply next year

BEIJING, Nov 20: China's central bank will increase money supply next year in a bid to accelerate economic growth, the official Xinhua news agency said today, reports AFP.

The report quoted Dai Genyou, Director of the People's Bank of China's monetary policy department, as saying the decision was in line with the central government's plan to implement an active financial policy in conjunction with an appropriate monetary policy.

Measures will be introduced to prevent and reduce financial risk, Dai said.

China will continue to further readjust its credit structure and place priority on agriculture, infrastructure, housing, scientific and technological progress, foreign trade and reconstruction in flood-ravaged areas.

Dai said the PBOC had granted loans this year totalling 116.4 billion yuan (14 billion US dollars) by November 13, with interest rates on the money market falling by more than two percentage points.

'Capital controls hinder investment in Pakistan'

KARACHI, Pakistan, Nov 20: Pakistan is the most attractive Asian equity market on the basis of valuations but little investment is likely to flow there until capital controls are lifted, the head of Asian Research for Jardine Fleming said, reports Reuters.

"As long as capital controls are in place large amounts of money are not going to flow into the stock market from overseas simply because most of the people are not allowed to invest in such markets," Andrew Houston told Reuters.

Pakistan placed several controls on foreign exchange transactions soon after its nuclear tests in May and in July introduced a multiple exchange rate system to conserve scant foreign exchange.

The Karachi Stock Exchange's 100-share index, which was around 1,500 points in May, has since fallen to around 950 points.

Houston said despite attractive valuations foreign investors were worried about the country's structural problems, especially with the external sector and over a row between the government and independent power producers (IPPs).

The government wants the 19 IPPs, most of which have foreign backing, to lower the price they charge for the electricity they sell to the state-owned Water and Power Development Authority.

The government also accuses some IPPs of having obtained their contracts through corrupt practices during the administration of former Prime Minister Benazir Bhutto.

The IPPs deny any wrong-doing.

"It looks as though perhaps it (the IPP controversy) is moving closer to a resolution ... that will convince people that foreign investors who put their money will get a fair treatment and an adequate return," Houston said.

He said Pakistan needs to get back on track with its IMF programme.

Pakistan and an IMF team resumed negotiations last week for a bailout package to plug a gap of 5.0 billion dollars that Islamabad faces in its balance of payments in 1998-99 (July-June) financial year.

"With a lot of distressed economies out there the competition for foreign capital has intensified and therefore the need to be an attractive destination for investment is more compelling now then at any time in recent years," he said.

"We will see the money coming first in the less damaged economies into countries like Singapore, Hong Kong and Taiwan and only at later stage we can see sustained inflows into some of the other economies," he added.

But he said investors will continue to look at individual companies on their merit wherever they are Asia.

Corporate 'bill of rights' gets rough ride

Jeremy Scott-Joynt writes from London

Opposition to the proposed Multilateral Agreement on Investment is growing and even spreading to the corridors of power in some western governments. Gemini News Service reports on the push to pay more attention to the deal's environmental implications.

The Multilateral Agreement on Investment — dubbed by some the Transnational's Charter appears, — for the moment at least, to be dead in the water.

The MAI, which its backers say was designed to encourage international investment by ensuring that countries cannot discriminate against foreign companies in favour of domestic ones, has been under discussion for four years.

But the talks at the Organisation for Economic Co-operation and Development, the 29-member club of industrialised nations based in Paris, broke down in mid-October. The French, unable to get the exemptions they wanted to protect their film industry from Hollywood's might, pulled out — and the OECD, which operates on consensus, was forced to call off the process.

Now the talks may move on to the World Trade Organisation, which according to its supporters is more democratic since it gives one vote to each member state, rich or poor.

Here, they say, the objections voice by opponents of the MAI can more easily be thrashed out.

Chief among these, according to campaigners, is the fact that as currently presented the MAI removes from a country any right to impose conditions on inward investment.

In practical terms, that means that health and safety standards are endangered, as well as any right for, say, a developing country to attempt to channel investment into key areas for developmental purposes.

Moreover, any laws, either planned or pre-existing, that have the effect of "expropriating foreign investment" — in other words, that affect a foreign company more heavily than a domestic one — can be challenged in the MAI's "dispute resolution procedure."

But only companies can initiate the procedure. Governments cannot. And nowhere in the MAI draft are the commitments that governments would have to enter into matched by commitments by companies towards the countries in which they invest, by respecting worker's rights, safety codes, environmental protection rules or any other factor than the simple act of investment.

This is where they key to opposition lies. "Transnationals can sue governments," said Susan George, founder of the Transnational Institute which tracks multinational corporations and a writer on debt and poverty issues." But the opposite is not the case."

She cited the example of Canada, a signatory of the North American Free Trade Agreement, seen as a possible pattern for the MAI.

Its parliament passed a law banning a petrol additive, MMT, which is suspected of being toxic. Ethyl Corporation, a US-based company whose subsidiary is the only MMT producer in Canada, took the government to court claiming 'expropriation'. The government settled out of court for $ 13 million, and had to repeal the law.

The problems with the draft are implicitly recognised by some governments negotiating it. The US, for instance, demanded exemption for all its laws from the dispute process — while insisting that the rules should remain intact in place for other countries.

The UK, though, has gone further. Not only does the UK government support the move to the WTO. It now says — seemingly as a result of sensing a changing political mood — that the MAI draft needs to be ripped up and started over.

"Sometimes it makes sense to draw a line in the sand and start again," said Brian Wilson, the UK's Trade Minister.

"This is an opportunity to start with a blank piece of paper, to define our objectives afresh and then seek to pursue them on an open and consensual basis."

At the top of the list of objectives that need to be defined, according to Wilson, is the question of environmental impact.

The task at hand, he said, was to build a consensus within the WTO that environmental factors should be taken more into account when dealing with trade and investment issues.

The WTO's director general, Renato Ruggiero, has gone further, saying that what was required was a global environmental organisation, to bring all environmental agreements into a single body," a house for the environment to help focus and co-ordinate our efforts."

That, he said, would make it easier to incorporate them into trade and investment agreements.

The WTO was not equipped to deal with environmental matters on its own.

As former WTO director Gary Sampson put it, the WTO was a body of trade experts, and had to leave other matters in the hands of those who specialised in them. In environmental matters, he pointed out, here were over 2000 multilateral environmental agreements (MEAs), but all had differing sanctions, dispute procedures, and so on.

That made it nearly impossible to integrate them smoothly into WTO talks.

In any case, he said, "if the WTO has to enter into ethical considerations that moves it into areas of global governance which it does not want to take on." This would include questions like labour standards as well as environmental issues, which, Sampson said, no global consensus yet existed.

The problem remains, though, that negotiating international trade and investment agreements cannot be divorced from other issues.

"That may hang together in terms of WTO practice, but not in terms of the real world," said Barry Coates, director of the World Development Movement.

"Governments and OECD representatives always talk about the integration of economic and social issues, but when it comes to trade they divorce them. To pretend that these issues can easily be divorced is a false duality."

Moreover, Coates said, the way Ruggiero and others described the situation suggested that MEAs and trade and investment rules effectively worked in the same way.

But in fact while WTO rules were based on non-discrimination — so that all countries, rich and poor, big and small, assumed identical responsibilities — environmental and social treaties had by nature to discriminate.

"They all recognise differentiated responsibilities placed on countries," he said.

Jeremy Scott-Joynt is the Editor of Gemini News Service.

US retail sales rise 1 pc in Oct

WASHINGTON, Nov 20: US retail sales rose one per cent in October, the Commerce Department said in a report that outstripped expert expectations of a 0.3 per cent gain, reports AFP.

The October performance was the strongest monthly increase since May and pointed to renewed strength in consumer demand.

Sales rose 0.3 per cent in September, unrevised from the previous estimate last month.

Excluding autos, retail sales were up 0.5 per cent in October after rising 0.1 per cent in September.

On a year-on-year basis, retail sales in October were up 5.7 per cent.

October retail sales showed gains across all sectors, durable goods, items programmed to lost three years or more, rose 1.8 per cent in October after gaining 0.6 per cent in the previous month.

Sales of non-durable goods rose 0.5 per cent in October after having remained flat in the previous month.

In the durable goods sector, sales by auto dealers rose 2.6 per cent in October after rising 0.9 per cent in September.

In the non-durable sector, department store sales were up 0.2 per cent after rising 0.6 per cent in September.