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The Daily Star BUSINESS

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Roundtable on capital market

Investment protection fund, ratings can help restore investor faith

Establishment of an investment protection fund and a rating agency can help restore confidence of investors in the capital market, reports APB.

A roundtable discussion yesterday was of the view that some kind of incentives should be given for an interim period between application and issuance of share certificates for initial Public Offerings (IPO) to encourage investors.

The talks on "Status of Investment Banking in Bangladesh: Problems and Prospects" also called for immediately relaxing the laws for creating mutual funds in the private sector.

Under the existing laws, four parties — sponsors, asset-management companies, custodians and trustees — are required for creation of a private sector mutual fund.

The speakers who included senior-most bankers of different nationalised and private commercial banks said that the laws should be changed and there could be one or two parties at best for creating such funds.

Organised by the Bangladesh Institute of Bank Management (BIBM), the discussion was participated by Investment Corporation of Bangladesh (ICB) MD S A Chowdhury, Dr Osman Imam of Dhaka University and Barrister Shamim Khaled Ahmed of the Supreme Court.

BIBM Director General Dr Moinul Islam presided while BIBM Faculty Member Abdul Jalil and asset management company executive Yawer Sayeed presented two separate papers at the roundtable.

ICB MD S A Chowdhury said that steps had been taken for

creating investment protection fund to restore investors' confidence. He said that the fund would come in the market shortly.

Chowdhury agreed that the presence of a credit rating agency was necessary for ascertaining the actual status of the companies to help the investors.

In this context, he said that a company called 'Credit Rating Information Services Limited' was already awaiting approval of the Security Exchange Commission (SEC).

The ICB MD said that in view of the acute demand for venture capital, steps had been taken so that the banks could create such funds for investment through syndication.

For an active capital market, S A Chowdhury said that

enforcement of laws, including an anti-hustle law, was needed for developing corporate culture in the country.

Though most of the speakers agreed that there had been an erosion in investors' confidence following the 1996 share market debacle, many were optimistic that the market could be salvaged through taking appropriate measures.

Some of the speakers suggested that companies should buy their own shares.

In his paper, Abdul Jalil Chowdhury pointed out some problems facing the investment banking in Bangladesh. The problems include lack of rapport with the public, lack of institutional investment activities, shortage of skilled manpower and absence of team spirit in building the capital market.

He suggested creation of over-the-counter market and introduction of new financial instruments like preference share, debt and equity warrants.

Yawer Sayeed, in his paper on 'Bangladesh Capital Market: Agenda for Action', said SEC should publicise and promote the newly-established merchant banks at the initial stage to develop positive public perception and take them off the ground.

Yawer, Managing Director of AIMS Bangladesh, said merchant bankers in the country had been restricted to three specific services. He pointed out that they could also engage in multifarious wholesale banking and capital market activities and diversify their products.

Financial crisis to improve industrial ties in Asia: ILO

BANGKOK, Nov 25: The International Labour Organisation (ILO) Tuesday said Asia was at a critical juncture in protecting workers rights, with Indonesia making significant gains but Myanmar remaining a "basket case," reports AFP.

ILO East Asia multidisciplinary team director William Simpson expressed "guarded optimism" that Asia's financial crisis would lead to a long overdue improvement in industrial relations in the region.

Asian governments which had sacrificed social progress in the rush to economic development were now looking for a balance between the two, he said.

"We do not see that there is anything incompatible between economic progress and social progress. This is what has been sadly lacking in many of these countries — not all of them — in the region," he said.

"Social progress has been left far behind economic development and that may well be part of the reason for the pre-

sent crisis." He said Asian governments were beginning to recognise that stronger labour and employer organisations could have helped avert the Asian contagion last year and were key elements of stability in the post-crash period.

Industrial relations were improving, albeit slowly, in Indonesia, South Korea and Thailand, the three Asian countries balloted out by the International Monetary Fund.

He said Indonesia had made the most progress, notably with the release of labour leaders from prison and the drafting of a new framework of labour legislation following the fall from power of former president Suharto in May.

Thailand had adopted a new constitution designed to ensure human rights and stamp out endemic corruption, while South Korea had sat down for talks with its "very strong and militant" trade unions.

"There is a general aspiration (throughout Asia) toward a

greater degree of democracy (and) more extensive participation by workers and employers in policy making," Simpson told a press conference here.

But he said "the positive elements I've mentioned are equally matched by negative ones in each of these countries."

Thailand's trade unions were still relatively weak and the government had not ratified the ILO's convention on "Freedom of association and protection of the right to organise."

Seoul also had not ratified basic labour conventions and union leaders were still being arrested in South Korea on a regular basis.

Freedom of association was "far from being respected" in Malaysia and recent political reverberations in Kuala Lumpur could affect the "very sophisticated" industrial relations system there.

National security system can help garments avert hazards

Star Business Report
A government infrastructure policy for the national security management system could ensure safety and security of the country's citizens. Installation of such a system, particularly in garment factories, will help them avert destructive fire incidents in future.

This was the observation of the speakers at a press briefing in city yesterday.

"The Telegraph and Telephone Board (T&T) can earn huge revenues from these sectors," said Engineer Kazi Ashraf Haider, Managing Director of ADEMCO, a US-based security and safety management company.

Haider said that the service would help ensure total safety and security at the country's different entry points including air and sea ports side by side using it for domestic safety.

The proposed system includes long-range radio, security and safety wireless central control station (SSWCCS), base station and a network.

While explaining the proposed system, Haider called for a good networking for its implementation.

The system, when installed, will ring alarms both inside and outside the concerned garment factories and will simultaneously alert fire brigade and police stations.

Without a wide network, ready fire brigade or police personnel to follow the alarm, the proposed system will not work, the briefing was told.

Commodity uplift workshop in city from Nov 30

A four-day workshop on "Commodity Development in Asia and the Pacific Region" begins here on November 30, reports UNB.

Commerce and Industries Minister Toifal Ahmed will inaugurate the workshop, to be organised by Amsterdam-based Common Fund for Commodities, in collaboration with Commerce Ministry and the International Jute Organisation (IJO).

Managing Director of the Common Trust for Commodities Dr Rolf W Boehnke, Commerce Secretary Sayed Alamgir Farouk Chowdhury and the Director and Officer-in-Charge of the International Jute Organisation (IJO) Henri Jason will be present.

About 200 professionals from over 23 countries, including commodity producers, traders, processors, financiers, professional associations, government policy makers, inter-governmental and R&D and higher educational institutions officials are expected to attend the workshop.

The workshop will discuss development issues associated with the production and trade of agricultural and mineral commodities of importance to the Asian and Pacific countries.

China Telecom Fair begins Dec 8

SHANGHAI, Nov 25: The '98 China Telecommunication Fair will be held in this largest industrial centre in China between December 8 and 12, says Xinhua.

The national cable and optical fiber fair will be held in Shanghai concurrently.

The telecom fair, organised by the Ministry of Information, Industry and the China National Posts and Telecommunications Appliance Corporation, will display telephone exchanging systems, optical fiber and data equipment, and mobile and satellite facilities.



Workers at the NASA Langley Research Centre in Hampton, Va, wait their turn to board the newly-refurbished Boeing 757 "Flying Lab" Monday. The aircraft, which has been equipped to conduct a range of research flight tests, will operate as a flying laboratory for the next 20 years. The plane's first flight will be in about two weeks. — AP/UNB photo

BIMST-EC Bazaar begins Dec 9

A unique Bazaar featuring a wide array of products and traditional food from five BIMST-EC countries — Bangladesh, India, Myanmar, Sri Lanka and Thailand — will be held at Thai Embassy here from December 9-19, reports UNB.

Commerce and Industries Minister Toifal Ahmed will inaugurate the Bazaar at 10 am on December 9, 1998 and will be opened to the general public from 11 am to 10 pm every day, said a press release.

This is the first-ever BIMST-EC commercial and social event to be held in any BIMST-EC member country to promote trade and economic activities as well as people-to-people contact in this sub-region.

Since its inception two years ago, BIMST-EC has placed high priority to trade and investment by virtue of proximity factor and a large degree of economic complementarity amongst its five member countries.

JETRO-BGMEA meet told Take appropriate steps to tap Japan market

Speakers at a discussion here yesterday stressed the need for launching appropriate efforts to capture the huge Japanese market for Bangladesh ready-made garments, reports BSS.

Jointly organised by the Japan External Trade Organisation (JETRO) and Bangladesh Garment Manufacturers and Exporters Association (BGMEA), the discussion held at Sonargaon Hotel was addressed by Director General of Export Promotion Bureau (EPB) Abdur Razaque, JETRO Representative in Dhaka Yuichi Bamba and First Vice President of BGMEA Engr. Nurul Huq Sikdar.

Visiting JETRO Senior Trade Advisor Kintaro Takemoto gave a presentation on the requirement of Japanese buyers. Abdur Razaque said Bangladesh should take up all-out measure to penetrate into

the Japanese apparel market at a time when many Japanese entrepreneurs, after losing their investment in this sector in South-East Asian countries, are now rethinking for fresh investments.

He lauded the role of the JETRO in promoting Bangladesh garment products in the Japanese market through organising fair and helping to conduct market surveys in this regard.

He urged the manufacturers to tap the huge potentials for local garment products in the Japanese market with patience and care.

Kintaro Takemoto, who has been assigned by the JETRO to see and carry home the samples from here, said he would try his best to promote the garment products of Bangladesh among the Japanese buyers.

Pakistan signs transit trade deal with 3 states

ISLAMABAD, Nov 25: Pakistan signed an agreement here yesterday with China, Kyrgyzstan and Kazakhstan to open a transit trade road link along the ancient Silk Route through the mighty Karakoram mountain range, officials said.

Implementation of the accord, which was initiated by heads of delegations from the four countries, will start in May next year, they said.

The 3,726-kilometer (2,329-mile) road from the Kazakh capital Almaty to Pakistan's Arabian Sea Port of Karachi will give the Central Asian states access to warm waters and boost trade among the four countries.

The delegations discussed a plan to set up service and road signs along the route, which enters China across the Khunjerab Pass in northern Pakistan.

Gold gains more glitter over centuries

LONDON, Nov 25: Gold has retained its value over the centuries relative to other assets in major world economies, according to a study released yesterday for the producer-sponsored World Gold Council, reports Reuters.

Although gold price may fluctuate, it has consistently reverted to its historic purchasing power parity against other commodities and intermediate products," study author Stephen Harmston said in an accompanying statement.

The report drew on data stretching back to the late 16th century in Britain, the 18th century in the United States and the 1800s in France, Germany and Japan.

"In all five, over the very long term there has been a tendency for gold to return to an historic rate of exchange with other commodities and intermediate products," Harmston said.

"In each of these countries, the purchasing power of gold dramatically increased after the abolition of dollar convertibility in 1971 but has since returned to its historic level," he added.

Unemployment in Malaysia may double this year

KUALA LUMPUR, Nov 25: Nearly five per cent of Malaysia's labour force will be without jobs during the nation's first year of recession in a decade, an official said Wednesday, reports AP.

The projected unemployment rate is almost double that of last year when 2.6 per cent of the country's work-force of nine million were without jobs.

Deputy Human Resources Minister Abdul Kadir Sheikh Fadzir told parliament.

An estimated 441,300 Malaysians are expected to be jobless this year.

Also, the number of Malaysia's poor was expected to rise by more than one per cent because of the economic slide, Deputy Rural Development Minister K. Kumaran told Parliament in a separate statement.

The poverty rate was expected to touch eight per cent this year from 6.7 per cent last year, he said.

The government classified 417,200 households comprising 1,233,200 people as being poor. Authorities follow varied defini-

tions of poverty levels, depending on the cost of living in the areas surveyed.

For years, unemployment had not been a problem in this tiny nation of 22 million. In

Seminar calls for computerisation of RMG units

Star Business Report
A seminar on textile and apparel business solution yesterday stressed the need for computerisation of the apparel factories for enhanced productivity.

It was organised by BGMEA in collaboration with Siemens Bangladesh Ltd, Microsoft and Botree Software International, says a press release.

The primary feature of the seminar was the presentation of a software solely designed for the garments industries.

State minister for textiles A K M Zahangir Hossain attended the seminar as the chief guest.

fact, factories, restaurants and builders had to import workers from neighbouring countries to meet labour needs.

But since last year, when the economy started sinking because of the regional currency and stock market crisis, jobs became scarce. According to government figures, the economy is expected to contract by nearly five per cent.

To protect its citizens, Malaysia evicted more than one million foreign workers, mostly Indonesians from stalled building projects.

Although many Malaysians have been sacked, the minister said some of those laid off did not join the pool of unemployed because they had found other jobs.

Of the 74,681 workers losing jobs since January, 89 per cent or 66,501 people, were Malaysians and 11 per cent, or 8,180 people, were foreigners, said Abdul Kadir.

The manufacturing sector had cast off 39,406 workers. That figure is 53 per cent of the total jobs lost, he said.



A M Anisuzzaman, Chairman of the Board of Directors of Uttara Bank Limited, presides over the 15th annual general meeting of the bank at the Officers' Club in Dhaka Tuesday. The meeting reelected Azharul Islam, Md. Asaduzzaman, Dr. Faruk Aziz Khan and Habibur Rahman directors. — Uttara Bank photo

Rising fuel price, falling dollar spark unrest in Zimbabwe

By Richard Chidwore writes from Harare

"Chaos!" read the Zimbabwe Mirror headline as it reported on the consumer riots sweeping Zimbabwe's major cities of Harare, Bulawayo and Chitungwiza. The riots from 3-5 November were sparked by up to 100 per cent increases in urban commuter bus fares following the government's announcement of a 67 per cent hike on fuel prices.

Commuters, still struggling from exorbitant price increases on basic foods and the effects of the falling Zimbabwe dollar, took to the streets to vent their anger. And like the previous demonstrations in January this year over price increases on basic commodities, heavily armed police and army fought running battles with the disgruntled citizens.

The government defends the fuel price hikes, saying that Zimbabweans are getting fuel at 16 US cents per litre compared to Botswana (29 cents) and South Africa (40 cents).

But private and public transport operators maintain that the comparisons are unfair, as Botswana's and South Africa's currencies are much stronger than the Zimbabwe dollar. Salaries have not been adjusted to cushion workers from the vicious fall of the dollar.

The Zimbabwe Congress of Trade Unions (ZCTU) is urging workers to stay away from their jobs every Wednesday from 11

November, until the government agrees to reverse the fuel increase and award a cost of living adjustment to all workers.

Dismissing suggestions that his organisation was behind the latest riots, ZCTU chief Morgan Tsvangirai pointed out that with the current untold suffering in the country there is no need to tell people to demonstrate.

"What do you expect to happen if you just continue increasing prices?" he asked.

Mike Auret, chairman of the Catholic Commission for Justice and Peace, said those in power have abdicated responsibility.

"The country has no leadership whatsoever," he said, observing that the riots were an expression of people's anger and frustration. "No one is doing anything about the crisis in the country. The President is fooling around in the Congo, wasting lives and money."

Zimbabwe has deployed about 6,000 troops to the DRC since August as part of an "allied forces" intervention that also includes Angola, Namibia and Chad, to help President Laurent Kabila fight ethnic

Tutsi rebels backed by Rwanda and Uganda.

But Zimbabwe's religious and civic groups are calling on President Robert Mugabe to withdraw the soldiers, saying their presence is a waste of manpower and scarce resources. Military sources say hundreds of Zimbabwean soldiers have died in battle, although government officials maintain the death toll is not more than seven.

"There is no national consensus on the intervention in the DRC. This is costing us lives and money. The economy is bleeding and we are worsening the situation by our military adventure there," said Tsvangirai, who is also chairman of the National Constitutional Assembly task force, a pressure group representing churches, NGOs, trade unions, academics and politicians. The NCA is calling for fundamental constitutional changes in Zimbabwe.

But government has failed to take any action against Mayor Solomon Tawengwa, known to be very close to President Mugabe.

But investors are reportedly nervous to put their money in an economy where irrational

decisions affecting the whole country can be made by the president alone.

Of late Mugabe has been taking major decisions affecting country and economy without consulting his parliament, cabinet or other stakeholders.

Meanwhile, interest rates have soared to nearly 50 per cent from 30 per cent last year, and the Zimbabwe dollar has collapsed 60 per cent against the US dollar since January.

This harsh economic climate has hit most sectors of the economy — even agriculture, the backbone of the economy, with about 12,000 farm workers laid off since midyear.

Phillip Munyari, head of the General Agricultural and Plantation Workers Union, says uncertainty among commercial farmers over the government's efforts to acquire more than 1,000 farms for landless citizens prompted the lay-offs.

More Zimbabweans are crossing the border into neighbouring South Africa and Botswana to provide cheap labour in farms and wealthy homes. South Africa's response has been to tighten its immigration regulations, forcing illegal

Russia has only \$1.7b for ailing banks

MOSCOW, Nov 25: Russia's central bank has to earmark no more than 30 billion rubles (1.7 billion dollars) to refloat several dozen banks which are teetering on the brink of collapse, its deputy chairman said Tuesday, reports AFP.

Andrei Kozlov told journalists that government securities held by the central bank would be used to aid regional and large struggling retail banks deemed vital to the sector as a whole.

Hundreds of banks would go bankrupt though, he warned. Some of the funds would be channelled into a new agency set up to restructure and streamline Russia's chaotic banking system, which was dealt a seismic blow by the August financial crisis.

"Thirty billion rubles... is the maximum sum that the central bank has at its disposal in the form of long-term government debt instruments," Kozlov said.

He said the regional banks would get 12-13 billion rubles while banks deemed socially essential would get 5-10 billion rubles.

"If we're talking about how many banks will get capital injections it's a few dozen, if we're talking about bankruptcies it's several hundreds though I can't say precisely how many," Kozlov said.

Analysts say the problems emanate from the virtual political monopoly of the ruling Zimbabwean African National Union-Patriotic Front.

Daniel Gozo, a Harare accountant, says this unchallenged and unimaginative monopoly results in inefficiencies and rampant corruption in central and local government, while high inflation, high interest rates and a weak Zimbabwe dollar are leading to a high cost of living and frustrating unemployment levels.

NANU-PF has dominated the Zimbabwean political scene since independence in 1980. The party has maintained its grip on power by alleged poll rigging and intimidation, use of government resources, concentration of power in Mugabe's hands. And the infiltration of opposition parties by the Central Intelligence Organisation.

Although all opposition parties met recently to plan to oust ZANU-PF at the next polls in 2000, none of them have indicated how they intend to deal with the country's pressing problems.

About the Author: Richard Chidwore has been covering issues in Eastern and Southern Africa for 10 years. He previously was editor of Southern African Newsfeatures.