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US sees trade frictions with Japan next yr

TOKYO, Dec 15: Japan's surging trade surplus with the United States could provoke confrontations next year, US Ambassador Thomas Foley warned yesterday, reports AFP.

"The bilateral trade imbalance between our two countries is rising again," Foley said in a speech at the Japan National Press Club.

The growing imbalance clearly increases the chances that trade frictions will erupt next year.

"However, trade confrontation is not inevitable if both governments are committed to working positively and quickly to address and resolve trade differences before they can become trade conflicts."

Foley, insisting Washington's relationship with Tokyo was its most important partnership, said Japan still needed to do more to revive its economy.

He called for fiscal stimulus, deregulation of markets and a clean-up of the bad loan problem suffocating Japanese banks.



Hashem reelected chairman of City Bank

The Board of Directors of the City Bank Limited at a meeting held on Monday unanimously reelected M A Hashem Chairman of the bank for the year 1998-99, says a press release.

Hashem is the Chairman of Partex Group of Industries.

He is a founder member of the Board of Governors of the North South University and founder of M A Hashem Degree College, Noakhali.

At the meeting, A K Mahmud was also elected vice chairman of the bank.

He is the Chairman of ES-EMCO Limited and a Director of Phoenix Group of Industries.

He is also a Director of Industrial Development Leasing Company of Bangladesh Limited (IDLC).

Tourism minister off to Abu Dhabi

Civil Aviation and Tourism Minister Engr Mosharraf Hossain left Dhaka yesterday for Abu Dhabi for a five-day official visit, reports UNB.

He will visit the office of the Biman Bangladesh Airlines in Abu Dhabi, attend the Victory Day celebration at the Bangladesh Embassy and take part in some other local programmes there.

During the visit he will meet the officials of Biman there to take measures to increase their efficiency and will also exchange views with Bangladeshis encouraging them to use the Biman Bangladesh Airlines for their travel, said an official handout.

The minister was accompanied by Director (Marketing and Sales) of Biman and Assistant Private Secretary to the minister.

Compaq beefs up marketing drive in India

BANGALORE, India, Dec 15: Compaq Computer Corp of the United States yesterday unveiled a tie-up with a major Asian distributor of computer products for a larger slice of the Indian market, reports AFP.

Compaq said it planned to expand its hardware and software sales from the current network of 350 outlets in India through a partnership with the Singapore subsidiary of US firm, Ingram Micro Inc.

"The tie-up will strengthen the distribution channel and provide international standards of service which will increase our market reach," said Som Mittal, President of the Indian subsidiary of Compaq, which was set up here in 1994.

"Our products will be now available even in smaller towns of the Indian market," Mittal said.

Ingram's Singapore subsidiary, Electronics Resources Ltd, said the partnership will also help Compaq explore markets beyond the Indian subcontinent.

Foo Lai Fun chief of the Singapore firm said: "This partnership will further increase Compaq's product availability in the Indian market and allow us to continue penetration into new market segments."

The company in India will distribute Compaq brand servers, desktops, home computers and other products.

Electronics Resource Ltd, which operates in 10 Asia-Pacific countries, posted regional sales of 960 million dollars last year.

Manipulation of Quasem Silk shares DSE body for action against brokers

By M Shamsur Rahman

A DSE committee has recommended that the Securities and Exchange Commission (SEC) take action against the firms involved in the short-selling of shares on November 3.

The committee was formed after a DSE surveillance team found that a brokerage house had manipulated the prices of Quasem Silk (QS) shares on November 3.

The committee, in its report, also recommended that the brokers responsible for short selling be identified.

Although the DSE surveillance team had found enough evidence that the prices of the QS shares had been manipulated, the committee could not find any definition of 'unusual trading' according to laws of DSE share trading.

Earlier, on November 3, a

brokerage firm -- SPM Securities -- bought the lion shares of QS from other brokerage firms which had sold the shares, although they were not in possession of those, in the hope of buying them back later at lower prices. But they later found that the market was totally controlled by the monopoly broker. Other brokers, who by this time found themselves short of shares, were compelled to buy shares of the company from the monopoly broker at higher rates.

The matter was brought to the notice of the DSE Council by its vigilance team which referred the matter to the committee for its opinion.

The committee, after one month's observation, failed to define 'unusual trading', which was the main allegation against the securities firm.

According to the preliminary findings of DSE surveillance team and the committee report, SPM traded huge volumes of QS stocks in favour of the so-called client and inflated the price making it harder for others to buy from the firm.

"Committee examined various laws, rules and regulations on share market but has failed to identify any provision of rule, regulation or instruction having the force of a law dealing directly with DSE trading," the report said.

"There appears to be no provision or instruction or guideline as to when and under what circumstances the trading of any particular share may be termed or treated as unusual. In the absence of any clear definition of the word, it is difficult to classify the trading of any share as 'unusual'. There shall

be always a difference of opinion in this respect," the committee said.

Under such circumstances, the committee examined the DSE transaction regulations and found that the Regulation 13 of the Settlement rules had been violated by SPM's trading in QS shares.

"The Committee looked into the provisions which are directly or indirectly concerned with trading. In the process, the Committee observes that Regulation 13 of the Settlement of Stock Exchange Transactions Regulations, 1998, imposes restrictions on short selling."

"The Committee, after due consideration of the circumstances, is of the opinion that this restriction has been violated in this case," the report said.

The Committee found that the total number of QS issued shares was only 20 lakh on November 3, 1998, whereas SPM alone bought almost double the total issued shares. "This situation clearly attracts the provisions of Regulation 13 of the aforesaid Regulations," it said.

"Upon fixing the responsibility, the SEC may be asked to take action as per Regulation 13, the provision of which is reproduced below for ready reference:

Prohibition of carry forward or short-selling
"No member shall be allowed to short-sell any securities or carry forward any transaction. The defaulting member shall be barred from carrying out trading in DSE immediately upon detecting the default by DSE through spot verification

of the member's book & records. DSE shall simultaneously furnish details of such default to the Securities and Exchange Commission".

The Committee also considered if the transactions by SPM fall under Section 17 of the Securities and Exchange Ordinance, 1969, which says "No person shall, for the purpose of inducing, dissuading, effecting, preventing or in any manner influencing or turning to his advantage, the sale or purchase of any security, directly or indirectly....."

Under Section 17 of the Securities and Exchange Ordinance 1969, any person who contravenes the provision of Section 17 may be punished by the court with imprisonment upto three years or with fines upto Tk 10,000 or with both.

S'pore to launch cash transfer service via cell phone

SINGAPORE, Dec 15: Telecommunications firms, a banking network and a leading smart card manufacturer teamed up yesterday to launch a service in Singapore that allows customers to top up cash cards using a mobile phone, reports AFP.

The new service will combine Singapore's Network for Electronic Transfers (NETs) expertise in funds transfer services with telecommunications infrastructure and software provided by Mobileone Asia Pte Ltd and Motorola Electronics Singapore Pte Ltd a statement from the firms said.

France-based Gemplus Technologies will provide the applications for secure identification, it added.

NETs, which comprises all of Singapore's five local banks, is an online debit payment system used in thousands of retail establishments in Singapore.

"The mobile phone top-up service will provide another convenient cash card top-up channel for our customers," said Wee Tew Lim, NETs chief executive officer.

Holders of NETs cash cards at present add value to their cards through automated teller machines and outlets in certain areas such as petrol stations.

City Bank AGM held

The fifteenth annual general meeting of the City Bank Limited was held at the Pan Pacific Sonargaon Hotel on Monday with the company chairman MA Hashem presiding.

Vice Chairman Saleh Ahmed Chowdhury, Managing Director Mohammad Faiz, other directors and a large number of shareholders attended the AGM, says a press release.

Despite various constraints, the chairman said, the bank deposit increased by Tk 700 million, advance by Tk 750 million, imports by Tk 1220 million and exports increased by Tk 350 million during the year 1997.

The banks earned an operating profit of Tk 176.40 million. The shareholders approved the accounts of the bank for the year 1997 unanimously, the release added.

BASC workshop on 'creative selling' concludes

Star Business Report
The three-day training workshop on 'creative selling' has ended.

The workshop was organised by Business Advisory Services Centre (BASC) in collaboration with the Oracle Management Services Pvt Ltd of India at the centre's training hall from December 12 to 14, says a press release.

An eminent management expert from India, Gopal Sehgal, who is also the Managing Director of the Oracle Management Services Pvt Ltd, India, conducted the training workshop.

This programme was specifically designed to help the participants develop and improve their skills to become professional salesman with creativity.

The course curriculum of this programme was comprised topics like selling as career, buy-seller dyads, effective selling formulas, prospecting, handling complaints and managing tough customers, benefit analysis of creative selling, advanced selling techniques, analysing products for customer benefits, proposition for leading selling, creative and managing dealer network, territory management, effective presentation and communication skills.

Senior and mid level officials from Monno Ceramic Industries Ltd, TM International, Democracy Watch, Bangladesh Express Co Ltd, HS Enterprises, Micro Electronics Ltd, CARITAS (ECTS) and MIDAS participated in the training workshop.

Iran signs oil exploration deal with Shell, Lasmio

TEHRAN, Dec 15: Iran signed an agreement Monday with Royal Dutch-Shell and Britain's Lasmio for oil exploration in the southern Caspian Sea, off the Iranian coast, Tehran television reported, reports AP.

The agreement was signed after months of talks between the National Iranian Oil Co. and the two European companies, the report said.

Under the agreement, exploration operations will be carried out for 18 months, leading to production, the broadcast said.

In a statement issued in London, Lasmio said the agreement also gives British Petroleum the option to join the consortium at a later date, but only after obtaining full board approval.

It said the exploration cost of 19 million pounds (\$11 million) will be shared equally by Lasmio, Shell and an assumed board approval is granted. BP.

The Iranian oil company will not contribute any capital.

Samson H Chy awarded AmCham's Business Executive of the Year Red tapism thwarting FDI: Cookson

Star Business Report

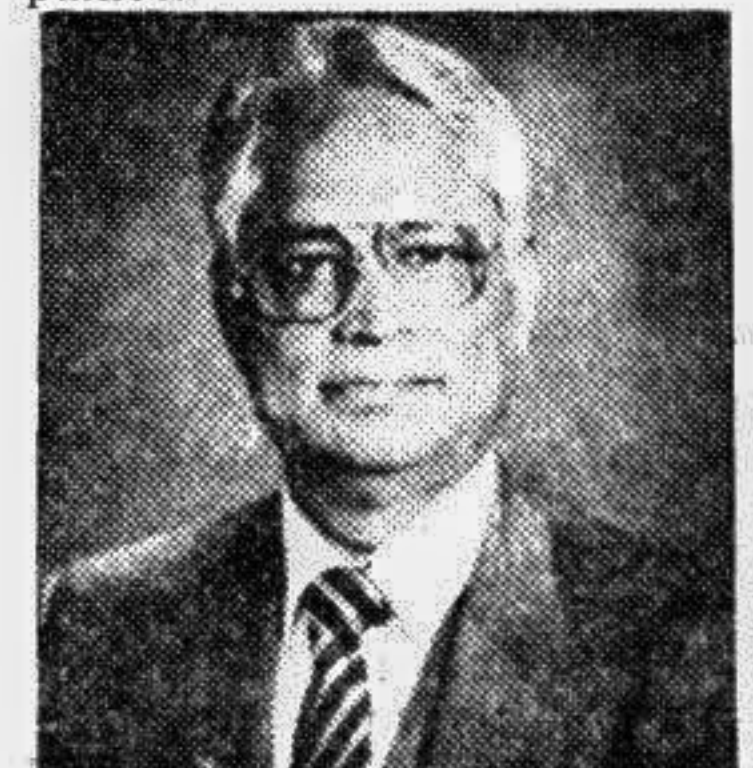
Red tapism and slow government response to policy changes are throwing the spanner in foreign investment in the country although its cheap labour and the newly found energy resources offer a good platform to investors.

This was observed by Forrest E Cookson, President of American Chamber of Commerce in Bangladesh (AmCham) yesterday. He was speaking at a press conference after the awarding of the AmCham's 'Business Executive of the year' award for 1998.

"Bangladesh has a strong potential to attract investment in labour intensive industries, but slow actions by the government machinery have created distrust among the foreign investors," said Cookson. "The biggest problem that the foreign investors face here is related to land purchase. The government must address this problem immediately."

AmCham gave its 'Business Executive of the Year' award for 1998 to Samson H Chowdhury, Chairman of the Square Group. "Chowdhury is well-reputed for his pursuit of professional excellence, practice of high ethical standards and contribution to the society and the country," AmCham's Executive

Director A Gafur told the gathering at Hotel Sheraton. "Aiming always to attain international standard, Square Group has set its course to reach the zenith along with all of its members and associated companies."



Samson H Chowdhury - Business Executive of the Year

"The absolute commitment to improve the quality of life of the nation through quality of products and services has led its flagship company Square Pharmaceuticals Ltd, the leading branded generic pharmaceutical manufacturer in the country producing quality essential and other ethical drugs

and medicines, to receive ISO 9001 recently," AmCham citation said.

Later in the press conference, Cookson observed that the economy was improving at a very slow pace and that the credit to the private sector was still inadequate.

He identified the slow private sector growth, absence of share floatation by companies, and lower import of capital as the reasons for the depressed investment situation in the country.

He said the Bangladesh Bank has developed its capacity over the last few years to better manage the monetary and banking policies.

Cookson said the private banks are yet to come up in a strong way to end the domination of the financial sector by the state-run banks.

He also said that the industries here should evolve alternatives to tackle the dislocation caused by tariffs.

"Managements should consider running their factories at night to compensate for the losses caused by tariffs," said Cookson.

"If you can not export your products in time, your industries will cease to exist," said he.



A Japanese stock dealer chats over his phone while his colleague checks stock prices on the monitor screen during the morning session at the Tokyo Stock Exchange Tuesday. The Nikkei Stock Average fell 22.73 14,088.04 points in the first 30 minutes of trading. — AP UNB photo

HK faces tough year ahead

HONG KONG, Dec 15: Hong Kong Chief Executive Tung Chee-hwa said yesterday the territory faces a painful year of economic adjustment in 1999 before it begins to recover from recession, says AFP.

"We will be moving sideways along the bottom for some time before we get the recovery going," the chief executive told a luncheon meeting of the Hong Kong Exporters Association.

"I think we are going through a very difficult adjustment period," Tung said, adding "it is going to be very painful for both employers and employees."

Employers see declining profit or increased losses, weakening balance sheets. Employees see the threat of security of his or her job, and also probably a salary reduction, or at best... no increase of salary and this will probably persist through into 1999, he said.

Tung said Hong Kong began to respond to the crisis by early 1998, citing tax cuts, spending increases and rate rebates as measures implemented to help the ailing economy.

The budgetary measures "will have an impact beginning in 1999, as they become more apparent and take effect," he said.

Hong Kong recorded its worst quarterly performance on

record in the three months to September, with the economy estimated to have shrunk by 7.0 per cent.

The figures prompted the government to revise down its full-year gross domestic product figures to a contraction of 5.0 per cent.

Tung's comments mirrored the results of a survey released yesterday by the American Chamber of Commerce (AMCham) in Hong Kong.

Only 11 per cent of the 430 US corporate respondents said the economy would emerge from recession within one year but 61 per cent said it would recover within two years, the AMCham survey said.

It showed 54 per cent of respondents believe that Hong Kong's business environment outlook will be "good" or "satisfactory" in 1999.

It found that as many as 87 per cent and 98 per cent said it would "good" or "satisfactory" in 2000 and 2001 respectively.

I don't think people should be terribly surprised by this result. We are consistent with the general economic thinking in Hong Kong," AMCham Chairman Jeffrey Muir said.

The results confirm that the extent of the hardship caused by the Asian financial crisis was underestimated, he added.

Our member companies

foresee another years of painful economic adjustment before the Hong Kong economy starts to turn around.

Muir said members were predicting a positive outlook in 2000 and 2001 as hard-hit sectors such as retail and property bottom out next year and interest rates ease.

Despite the gloomy forecast, AmCham's 1,088 member companies were optimistic on Hong Kong's long-term prospects.

Two-thirds of the companies polled said they had regional headquarters in Hong Kong, with 90 per cent saying they would retain their regional base here. Almost half the US companies said they intended to expand their operation.

A sharp fall in asset values which translates into lower office and housing costs in the silver lining amid the turmoil, said Muir.

On China, the AmCham survey found that 91 per cent of respondents believed the outlook for the business climate over the next five years would be positive.

But the survey revealed mounting frustration with bureaucracy, lack of legal transparency and protection for intellectual property rights, corruption and environment concerns in China.



Chairman and Managing Director of Uttara Motors Ltd Mokhesur Rahman speaks at the company's annual dealers conference '98 held at a city hotel recently. — Uttara Motors photo

Dealers demand cut in fuel oil price

Bangladesh Petroleum Dealers Association (BPDA) has demanded slashing of fuel oil price in view of the international market where it came down heavily, reports UNB.

The demand came at a meeting of BPDA on Saturday with its convenor, Col (ret'd) M A Mannan, in the chair.

The meeting demanded adjustment of prices of petroleum products taking into account the international market, said a press release yesterday.

It said some vested quarters are creating problems by mixing kerosene with petrol and octane.

Petrol and octane are being sold at Tk 21 and Tk 23 per litre respectively while diesel and kerosene at Tk 13.95 per litre.

The meeting also demanded adequate supply of gas cylinders to the Khulna and Rajshahi region on an emergency basis to meet the demand.

FBCCI executive member Afzal Hossain and Gaibandha Chamber president Shahjada Anwarul Quadri were among those present in the meeting.

Aussie economy survives Asian crisis this year

CANBERRA, Dec 15: Australia's economy survived the Asian financial crisis in 1998 but was set for slower economic growth and a widening current account deficit next year, the head of the central bank said Tuesday, reports AP.

Ian Macfarlane, governor of the Reserve Bank of Australia, said a recent decision to slice official cash rates despite strong growth was in anticipation of slower growth in 1999.

"Our judgment was that even though most of the data coming in was still suggesting good growth, the likelihood was that growth would decline in 1999," Macfarlane told a parliamentary committee.

The external environment will remain difficult.

Macfarlane said economic growth in Australia for 1998 was expected to be four per cent, up from the three per cent he forecast earlier this year.

He said the stronger growth had edged down unemployment. Inflation was likely to be two per cent at the end of the year, while the current account deficit looked set to average five per cent of gross domestic product in 1998.

Australia's economic performance has exceeded our expectations, and to my knowledge the expectations of virtually all forecasters," Macfarlane said.

But the outlook for next year was not as good, with a slow-down inevitable due to the weaker outlook for the world economy.

Economic growth was likely to fall to between 2.5 and 3.0 per cent in 1998/99, he said.

Post-flood rehabilitation RAKUB to disburse Tk 300cr crop loans

DINAJPUR, Dec 15: Rajshahi Krishi Unnayan Bank has decided to disburse crop loan of Tk 300 crore in 16 northern districts under its Post-Flood Agriculture Rehabilitation programme, says UNB.

During the current month, official sources said, Tk 88 crore has already been disbursed among the flood-affected farmers during the current season.

The farmers are struggling hard to cover up the losses they incurred due to the flood as a huge quantity of Aman paddy was damaged in most of the areas in these districts.

District wise break-up of loan disbursement: Tk 25.11 crore in greater Dinaipur district, Tk 7.65 crore in Rangpur, Tk 20 crore in Bogra and Joypurhat, Tk 5.15 crore in Kurigram, Tk 2.70 crore in Gaibandha, Tk 7.55 crore in Pabna and Sirajganj and Tk 16.60 crore in greater Rajshahi.

The farmers alleged that bank officials are refusing some of their applications for loan on the plea that they had

not repaid the loan taken in the previous years despite government announcement that every affected farmers would be eligible for loan.

Meanwhile, official sources said at least 90 share-cropper farmers in 16 districts have so far received agriculture loan amounting to Tk 1,000 to Tk 4,000 each under the rehabilitation programme.

Sources in Rajshahi Krishi Unnayan Bank said they would disburse Tk 100 crore as agriculture loan during the current month.

The distribution of agriculture loan is progressing among the farmers of 455 unions out of the total 1,099 unions in these districts.

Besides, Sonali, Agrani, Janata and other banks are disbursing loan among the farmers of other 644 unions in the region.

Official sources said a total of 30.50 lakh acres of land have been brought under IRRI-Boro cultivation programme and the production target during the current season has been fixed at 82,000 metric tons.

Banana trade dispute US officials sceptically react to EU bid

WASHINGTON, Dec 15: A senior US trade official reacted sceptically yesterday to a European Union bid to break a deadlock in a banana trade dispute, saying he wanted to see the line print on the EU's proposal, reports Reuters.

As Washington prepared a final list of European imports to be targeted for trade sanctions, Brussels said it would take the unusual step of requesting a World Trade Organisation (WTO) panel itself to review its banana import rules at the centre of the controversy.

"If the EU needs one more panel to tell them they are in violation of their (WTO) commitments, we will work with them to establish a panel with the appropriate criteria," Peter Scher, senior US trade representative negotiator for agriculture told Reuters.

"In the past, they have put so many conditions on the establishment of the panel, that we are obviously going to be a little sceptical until we see the fine print," Scher added.

He said the United States was unwilling to waive its right to seek WTO authorisation on Jan 21 to slap punitive 100 per cent tariffs on millions of dollars worth of imports from Europe. The US compiled a broad list of goods, ranging from pastries to toys, and after holding a public hearing last

week was expected to publish a whittled down list.

A spokeswoman for the US trade representative said the final list, which had been expected today, will be delayed until next week. The interagency group charged with finalising the list said it would need a few more days to complete its work.

The US administration was reluctant to publish it on the eve of a US-EU summit scheduled for Friday and decided to postpone it until next week, the spokeswoman said.

The EU is set to put into effect on Jan 1 new banana import rules to replace and old regime that the WTO said violated international trade rules. The United States, backed by five Latin American producers, said the new system still violates international trade rules by favouring Caribbean producers over Latin producers.

The EU says its new regime complies with WTO regulations and accuses the United States of undertaking unilateral action by moving forward with trade sanctions.

Washington says it has the right under international trade rules to impose compensatory tariffs when a trading partner fails to comply with a WTO ruling within a reasonable time.

"In every other situation, countries have been able to negotiate a settlement within a reasonable time frame,"