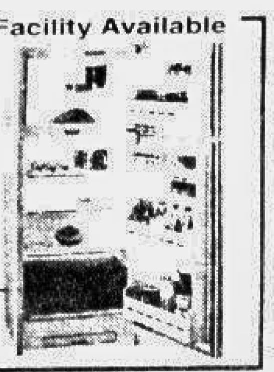
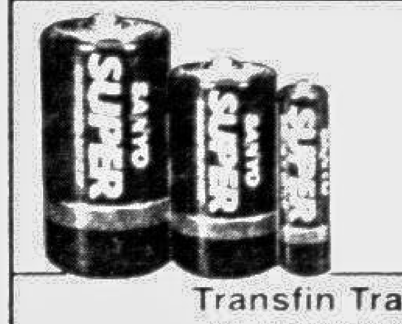


The Daily Star
BUSINESS






DHAKA, SUNDAY, DECEMBER 20, 1998

## CSE holds third AGM

The third Annual General Meeting (AGM) of Chittagong Stock Exchange was held on Friday at the CSE Building, says a press release.

The founder president of CSE, Amir Khosru Mahmud Chowdhury, MP, presided over the meeting. The meeting approved the audited accounts of 1997 of CSE and re-appointed Rahman Rahman Huq the auditor for next year.

A K Chowdhury, Syed Mahmudul Huq, Md Mizanur Rahman and Yakub Ali Mantoo were elected directors of the CSE Board.

Amir Khosru Mahmud Chowdhury has been re-elected president and M Salman Ispahani, Habibullah Khan and A K Chowdhury have also been re-elected vice-presidents. The directors were elected uncontested.

Before the election, CSE directors S M Abul Kalam, A Q I Chowdhury, Syed Mahmudul Huq and A K Chowdhury retired from the CSE Board by rotation under the CSE article 27(b), who were eligible as per article 27(c) for re-election.

The members present made various comments on the annual accounts of the exchange and praised the previous Board for their role in many aspects of the capital market.

The CSE president in his speech mentioned future outlook of CSE and appreciated the members for their valuable advice and cooperation in the year.

Now the CSE Board comprised twelve elected and six nominated directors. They are Amir Khosru M Chowdhury MP, president; M Salman Ispahani, vice-president; Habibullah Khan, vice-president; A K Chowdhury FCA, vice-president; Md Mizanur Rahman, director; Syed Mahmudul Huq, director; Nurul Qayyum Khan, director; Yakub Ali Mantoo, director; O R A Rasul Nizam, director; Mostaqur Rahman, director; Fariduddin Ahmed Chowdhury, director; M K M Mohiuddin, director; Rokia Rahman, director; Kamaluddin Ahmed, director; Prof Abu Ahmed, director; A K M Shamsuddin, director; Prof Jamilur Reza Chowdhury, director and Dr Abdul Majeed Khan, director.

## Garments sector witnesses better quota utilisation

By Rafiq Hasan

The readymade garments (RMG) sector has once again proved its resilience this year with an improved quota performance, despite the onlash of the three-month floods that disrupted the country's links with the outer world.

The country has already completed its RMG export quotas to USA in three categories while a number of other categories are near be fulfilled.

There are restrictions on apparel exports from Bangladesh to USA and Canada in 21 and 11 categories respectively. These two countries set limits on the export quantities every year, which are generally called 'quotas'.

According to BGMEA sources, the items which have already utilised the export quotas fall under the category numbers 340 and 640 -- shirts and non-knit items, 351 and 651-- knitwear, and 634 -- coats and non-suit products.

Exports under three categories, which executed less than 50 per cent of the quotas last year, witnessed a significant rise this year. Over 60 per cent of the quota-specified quantity in these categories - 847, 331 and 641- have been exported till date.

The US quota year expires on December 31 whereas the Canadian time-limit ends on January 31.

Sources said that quota utilisation in 847 and 331 categories – trousers, slacks, shorts and gloves - had also improved this year. From only 31 per cent last year, the utilisation rate has surged up to 68 and 73 per cent respective this year.

The export of one lakh dozen of gloves and 1.30 lakh dozen of trousers helped the country achieve this performance.

Quota utilisation in the 641 category rose to 92 per cent this year from a mere 48.29 per cent last year. The other seven categories also recorded over 90 per cent quota utilisation rates. These categories are: 237, 334, 335, 369, 635, 645 and 646.

The main items under those categories are playsuits, coats, shop towels, shirts, blouses and sweaters.

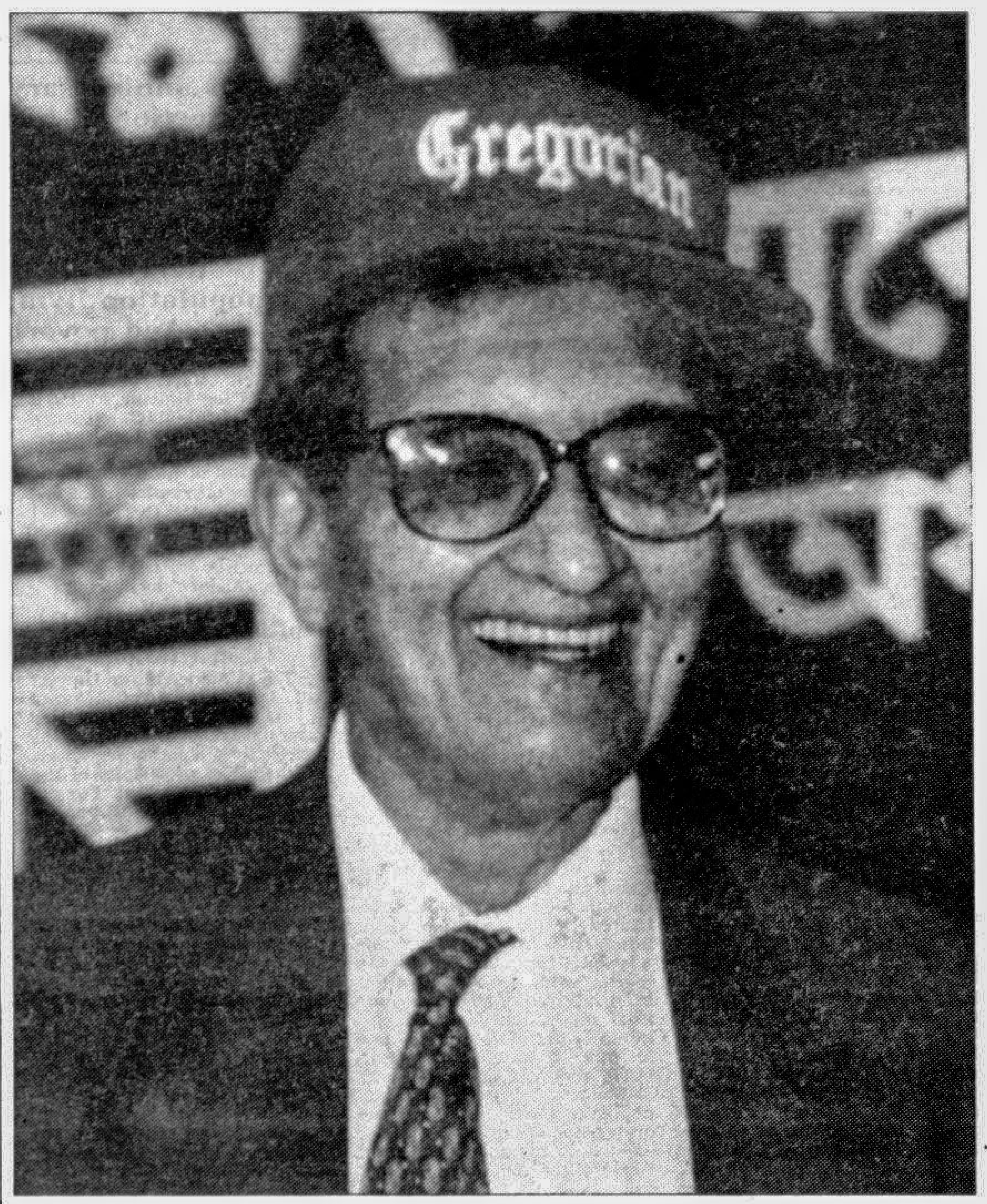
None of the 21 categories for the US markets showed performances below 60 per cent this year and the lowest performance was 68 per cent in dresses and skirts.

Meanwhile, a section of garments owners in collusion with some EPB officials are engaged in quota forgery.

Garments industry sources said that many entrepreneurs could not export their apparels as their quotas had already been illegally utilised by others with the help of false documents.

An BGMEA investigation last year found that quota forgery took place in a number of categories and that 67 garments factories were involved in it.

As many as 2.75 lakh dozens of coats and non-suit items under 634 category were exported to USA by forging quota documents in 1997.




BACK TO SCHOOL DAYS: Nobel laureate Prof. Amartya Sen, a former student of Saint Gregory School, reminisces his old school days as he wears a *Gregorian* cap during his visit to the school yesterday where he was accorded a reception. —Star photo by AKM Mohsin

## Int'l anti-bribery accord to enter into force on Feb 15

PARIS, Dec 19: An international anti-bribery accord, making it a criminal offence for companies in industrial countries to bribe officials to win overseas contracts will enter into force on February 15, the OECD said yesterday, reports AFP.

Canada ratified the convention on Thursday, the first anniversary of the signing of the agreement, bringing the number of countries which have ratified the agreement to eight and fulfilling the conditions for its implementation, the Organisation of Economic Cooperation and Development said.

The agreement outlaws bribery by companies in industrial countries to win foreign contracts making such bribes a criminal offence.

It covers payments to parliamentarians and para-statal organisations such as state-owned enterprises, not bribes to private companies.

The agreement will impose penalties on the bribers — the companies in OECD countries paying out money but not the foreign officials receiving the money — because any attempt by OECD countries to police those taking bribes could be seen as interference in a foreign country's sovereignty.

OECD members felt that the simplest and most effective way to curb such practices would be to cut bribery at the source, in the industrial countries with the legal and regulatory framework necessary to implement such rules.

The OECD will monitor implementation of the accord and whether member countries act to prosecute offending companies, but it will be up to individual countries to pass legislation making bribery a criminal offence and to implement it.

The question of what sanctions will be applied was left fairly vague in the text of the agreement, but OECD officials said the aim was to ensure that companies suffered losses at least equivalent to the gain they made from contracts acquired through bribes.

A private group has already set up a Paris-based centre for anti-corruption compliance offering training for companies to avoid falling foul of the new rules, and to help governments ensure compliance.

The centre is "the first private sector initiative aiming to educate and train both public and private sector executives on effective enforcement programmes," said centre director Seth Goldschlager.

## Aftab Automobiles declares 16 pc dividend

Star Business Report

Aftab Automobiles Ltd declared a 16 per cent dividend for the financial year 1997-98 at its 18th annual general meeting held on Thursday.

Shafiul Islam, Chairman of the company, presided over the meeting which was attended by a large number of share holders, the firm said in a press statement.

The meeting was informed that the company assembled 160 units of Toyota Land Cruiser Soft Top, 294 units of Toyota Land Cruiser Pick-up, 72 units of Toyota Land Cruiser Prado and 119 units of Hino bus chassis apart from 44 units and four units of bus and truck body respectively at its body building unit during the financial year ended on 31 August, 1998.

The company earned a Tk 2.18 crore net profit.

The Chairman told the AGM that the Paint Manufacturing Unit has already gone into trial production and expected to go into commercial production by March next year.

With regard to execution of a contract with the Director General of Defence Purchase (DGDP), the company hopefully expects to assemble and deliver 400 units of Land Cruiser Soft Top and 200 units of Land Cruiser Pick-up during 1999.

Apart from this, production of 100 units of Toyota Land Cruiser, 120 units of Hino bus chassis and 100 units of bus-body fabrication are within the plan of the company for the next financial year.

A new product, Multipurpose Commercial Vehicle (MPV), will go into trial production in June of next year, which is expected to contribute a significant step forward towards the transport management of the metropolis.

## Banana talks fritter away

WASHINGTON, Dec 19: Talks between President Bill Clinton and leaders of the 15-nation European Union failed to achieve a breakthrough Friday in a nasty trade fight involving bananas. The United States indicated it will press ahead with plans to impose punitive tariffs on millions of dollars worth of European imports while talks continue, says AP.

Both sides held out the hope that the dispute, which has dragged on for six years, will be resolved short of a trade war breaking out between America and its largest trading partner. But US officials stressed that they would go ahead with plans to select next week a list of European imports which would be subject to 100 per cent tariffs, in effect doubling their costs, to American consumers.

The products will be chosen from a preliminary list of $ 1.3 billion to $ 1.5 billion in imports published last month ranging from wine, cheese and other food products, clothes and toys.

Negotiations will continue after the target list of products is published but if the dispute is not resolved, the United States said the punitive tariffs will go into effect, probably on March 3. The EU has vowed to impose retaliatory tariffs on a matching amount of American goods if the United States makes good on its threat.

The fight involves European import rules that the United States contends favour bananas from the Caribbean and Africa at the expense of Latin American bananas marketed by US companies.

The United States has won a favourable ruling from the World Trade Organisation and argues that it is justified in imposing trade sanctions because the EU has failed to remove the objectionable trade barriers in a way that is consistent with the WTO ruling.

After meeting with the president and other officials in the administration, Sir Leon Brittan, the EU minister in charge of trade matters, said the Europeans had appealed for a few more weeks in which to try to find a suitable compromise.

"It should not be the case that we get into a bitter and disagreeable conflict when it can be resolved in just a few weeks more," Brittan told reporters outside the White House.

Stuart Eizenstat, undersecretary of state for economic affairs, told reporters at a separate briefing that US officials were willing to listen to suggestions the EU has put forward but would at the same time push forward with the process to impose the sanctions.

"We have to have confidence that when we win WTO cases, that the results will be implemented," Eizenstat said.

In addition to the fight over bananas, the two sides talked about a number of other economic issues and various foreign policy problems from Kosovo and the Middle East peace process to the bombing of Iraq.

Clinton's meeting with the European leaders, led by Austrian Chancellor Viktor Klima, are part of twice yearly summits the two sides hold.

Coming on a day when the House was debating sending four impeachment articles to the Senate for trial, administration officials said that the president spent two hours engaged in the discussions, including lunch.

Clinton pointed to a rising US trade deficit and stressed the need for Europe to make a greater effort to buy imports from countries suffering from economic troubles because of the current global financial crisis, US officials said.

Brittan told reporters that Europe made the point that it was doing more than the United States in terms of buying steel from Russia and the Ukraine.

"I explained that what is important is that rather than engage in mutual recriminations over who is taking more or who is taking less, we should resist protectionist pressures" on both sides of the Atlantic, Brittan said.

The two sides also discussed another long running trade dispute involving a European ban on importing American beef containing growth hormones. While the United States has also won a favourable WTO ruling in that case, the Europeans have yet to remove the barriers although they have until May to do so.


The 18th AGM of Aftab Automobiles Ltd.

## US firm to set up $100m India investment fund

By Durga Ray

NEW DELHI, Dec 19: New York Life International (NYLI), the global arm of a Fortune 100 company, Thursday announced the setting up of a $100 million fund for investment in India.

The 'New York Life International India Fund' would focus on investments in sectors like telecommunications and power besides software development and export-related industries.

"India is part of the next millennium's future. We are very bullish on India," said NYLI president Michael Nocera at the launch of the fund here. "Diversified investments would play a critical role in promoting economic growth in India while providing long-term returns for our company," he said.

NYLI is the global investment arm of New York Life, the ninth largest life insurance company in the world. It has under its management assets worth $115 billion.

The launch of the fund, he said, was merely "coincidental" with the tabling of the Insurance Regulatory Authority (IRA) bill in the Lok Sabha, lower house of the Indian Parliament, which envisages equity participation up to 26 per cent in the country's insurance sector by foreign companies.

The insurance sector in India has so far been controlled by the state. The industry has registered a systematic growth — from an underwriting premium of two billion rupees ($47 million) in 1973 to Rs.66 billion ($1.5 billion) last year — says a 1998 report by the Confederation of Indian Industry.

Nocera said that although 26 per cent was a "good starting point, I would love to have a scenario where we can have a stake of at least 50 per cent".

NYLI is looking for an Indian joint venture partner and is studying the market closely so that "we are prepared" whenever the IRA bill comes through, Nocera said.

However, even if the bill is not passed, the fund is here to stay, he said, denying that leftist protests over opening up the insurance sector to foreign participation has in any way dampened the spirit of US investors.

"We are still studying the best way to approach the market. We understand that policies popular in the US might not necessarily apply to India," Nocera said, adding that NYLI was confident of its investments here as India had a steadier currency compared to those of some Southeast Asian countries.

The fund would not invest more than ten per cent of its capital in any one enterprise for periods upto seven years with special emphasis on start-up ventures or those undergoing major expansion, NYLI chief investment officer Anne Pollack said.

The company's US operation lays special emphasis on the Indian American community. Close to 400 of its 7,000 agents in the US are of Indian origin.

— India Abroad News Service

## Mixed signals on UK interest rates

The latest UK lending figures show mixed signals on the economy, confusing the outlook for interest rates.

November figures for total bank lending from the British Bankers' Association (BBA) and the Bank of England's measure of lending have both come in well below market expectations.

However, within the overall BBA figures, loans to consumers for mortgages and personal borrowings remain strong, providing evidence the economy is not in sharp decline, analysts said.

### Business lending falls

The markedly slower growth was largely due to a fall in lending to business, especially to the financial sector, said Tim Sweeney, director-general of the BBA.

Building society lending also fell. It was down 29 per cent to £543m in November.

Meanwhile, the Bank of England said 'M4 lending' - its measure of the amount of credit advanced - came in at £1.5bn in November when £5bn had been expected. In October the figure stood at £5.7bn.

### Money supply flat

The Bank of England figures also showed a meagre 0.2 per cent rise in the money supply, when analysts had expected a 0.5 per cent expansion.

Growth in the money supply gives an indication of the rate of economic expansion and inflationary pressure.

The Bank of England has said it is watching these figures closely for any signs of rising inflation - a development that may well prevent further interest rate cuts. — BBC Internet

## Japanese growth target fixed at 0.5 pc

TOKYO, Dec 19: Japan sets its economic growth target at 0.5 per cent for the next financial year starting April 1999, reports said today.

The projection which will be officially approved by a Cabinet meeting of Prime Minister Keizo Obuchi Sunday, was bitterly disputed between the economic planning agency and the Ministry of International Trade and Industry, JIJI press and Kyodo news agency said, reports AFP.

The planning agency said the target should be at 0.5 per cent 'to reflect the prolonged recession' as Japan battles its worst post war economic downturn.

But the trade ministry argued the growth target should be set at 1.0 per cent in order to demonstrate the government's resolve to achieve economic growth in accordance with Japan's latest economic stimulus package totalling more than 23 trillion yen (198.3 billion dollars).

**Commodity: Weekly Roundup**

## *US-British bombardments fail to boost oil prices*

LONDON, Dec 19: Oil prices, hit like most other commodities by oversupply and underdemand, showed the depth of the slump this week by failing to react significantly to the US-British attacks on oil-rich Iraq, reports AFP.

The bombardments failed to lift prices, as investors understood that Iraqi exports, allowed to fund crucial supplies for the Iraqi people, were continuing despite the strikes.

North Sea crude remained stuck below 11 dollars a barrel.

The market believes that in the face of looming economic slowdown around the world, only a severe cut in oil production can rescue the oil market.

Again, Saudi Arabia, Mexico and Venezuela tried to send out a positive message during a ministerial meeting in Madrid on Thursday.

Venezuela agreed to prolong current production cuts in place until the end of 1999 and all three countries vowed to try to persuade other countries to do likewise.

**COCOA:** Cool. Cocoa prices fell amid thin end of year trade. On the London market, cocoa contracts for delivery in March fell by eight pounds to 932 pounds a tonne.

Deliveries of beans to ports in the world's leading producer country, Cote d'Ivoire, in the week to December 14 totalled 430,000 tonnes compared with 437,000 tonnes at the same time last year.

**COFFEE:** Warming. Robusta prices on the London market rose in the light of forecasts of bad weather in growing regions of Mexico and Vietnam.

Contracts for March delivery rose to 1,920 dollars a tonne from 1,742 dollars a tonne.

A cold front was expected to ravage plantations in northern Mexico, while Vietnamese bushes have been doused in heavy rain.

Meanwhile, damage to Honduran plantations caused by hurricane Mitch has been revealed to be far more extensive than had been previously feared.

On the New York futures market, Arabica beans for delivery in March increased in price to 118.65 cents a pound from 116 cents last week.

**SUGAR:** Lower. Sugar prices fell under the military bombardment of Iraq, as dealers predicted that the raids would delay a tender from Baghdad for 100,000 tonnes of sugar.

On the London futures market, sugar contracts for May delivery fell to 238.3 dollars a tonne from 246.1 dollars.

Prices failed to rally on news that the Queensland Sugar Corp predicted that the Australian harvest would fall to its lowest level in five years.

Predictions by the Licht Trading House that European sugarbeet production would fall to 16 million tonnes this season from 17.5 million tonnes in 1997-98 also failed to lift prices.

**TEA:** Strong. Demand remained strong in the Mombasa auction houses, the Tea Broker's Association said.

High-grade BP1 leaves rose by up to eight cents a kg while low-grade leaves rose by between five and eight cents per kg.

**VEGETABLE OILS:** Slip. US soya prices fell further as climatic conditions in growing regions of South America continued to improve after fears of drought in recent weeks.

In addition, Argentina said that it had increased the area of land planted with soya by 5.5 per cent.

On the Chicago Board of Trade (CBOT), soya prices fell by 13 cents to 5.48 dollars a bushel (of 27.2 kg for January delivery).

On the Rotterdam market, palm oil for January-March delivery fell by 12.50 dollars to 660 dollars a tonne, sunflower oil fell by 15 dollars to 665 dollars a tonne.

On the Kuala Lumpur Commodities Exchange, palm oil for January delivery fell by 75 ringgits to 2,177 ringgits a tonne.

**GRAINS:** Stuck. Grain prices changed little in quiet trade as the end of 1998 drew near.

Traders were still waiting for the final details of a food aid package for Russia.

Wheat contracts on the Chicago market rose by one cent to 2.63 dollars a bushel (of 27.2 kg, for December delivery).

Maize prices fell by one cent to 2.13 dollars a bushel (of 25.4 kg, for December).

**COTTON:** Smooth. The cotton market was flat amid thin end of year trade.

Cash prices covered by the Cotton Outlook Index remained largely unchanged at 56.05 cents a pound from 55.85 cents.

**WOOL:** Warm. Australian wool prices rose amid volatile trade.

The eastern index of the Australian Wool Exchange (AWEX) rose by seven cents to 5.20 Australian dollars a kg.

In Britain, the British Wool Marketing Board warned that prices were likely to fall next year in the face of reduced demand around the world and the strong pound.

The Wooltops Index remained unchanged at 315 pence a kg.

**RUBBER:** Flat. Asian rubber prices fell slightly in the absence of consumer demand or buying on the part of the International Natural Rubber Organisation.

Analysts said that supply remained in abundance as Asian production raced ahead, notably in Thailand where weather conditions improved after recent heavy rain.

On the London market, rubber for January delivery remained unchanged at 480 pounds a tonne and February contracts held at 485 pounds.

In Kuala Lumpur, RSS1 contracts fell to 2.51 ringgits a kg from 2.56 ringgits.