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# Private CNG conversion plants start operations by April '99

By Monjur Mahmud

The three private companies, which were given permission to set up compressed natural gas (CNG) conversion, filling and marketing stations, are expected to go into operations by April next year.

After receiving permission from the government late last month, the three companies -- Texas Gascon Services (BD) Ltd, Natural Gas Fuels Ltd and East Coast Trading (Pvt) Ltd -- are now in the process of procuring equipment for conversion of the fuel-run cars into gas-powered ones.

"In the first phase, we will set up gas filling equipment in two stations and the process of importing these equipment has already started," said Sohail Ahmed, Managing Director of Texas Gascon Services (BD) Ltd. "We will be able to start operation by April next year."

## ECB sets euro rates

LONDON, Dec 23: The last formal meeting of the European Central Bank this year had little effect on European stock markets.

Hints by Wim Duisenberg that the ECB would not be cutting rates again for some time were shrugged off on Wednesday.

The ECB announced its guidelines for the euro in a press conference after the market closed Tuesday.

"They're going to have a narrow band for managing the euro to make sure they have a smooth launch," said Roger Monson, head of equity strategy at Rabobank.

Despite Duisenberg's comments, analysts think the ECB will have to lower interest rates in 1999. HSBC

European economist Robert Prior predicted the central bank would lower rates by 25 basis points in

February, with another 25 points lopped off in April.

The ECB Tuesday set interest rate boundaries between 2 percent and 4.5 percent, with the key short-term rate remaining at 3 percent.

—CNN Internet

## BR clarification

The Bangladeshi Railway (BR) is a clarification yesterday said that the lease contract for Padmarag Express was finalised through open competitive bidding on the basis of the highest coach-trip rate offered by the responsible bidder. After a four-month operation, the contractor asked for reduction of the number of coaches from ten to eight, which would result in a 20 per cent reduction in railway's revenue. This was not accepted by BR and the contract has been terminated with one month notice as per provision of the contract. Bids have been received against fresh tender and a new contract will be awarded soon. The new contract is likely to be awarded at a higher coach-trip rate than before.

Bangladesh Railway's scheme for leasing commercial function of passenger trains to private firms is being expanded and more trains will come under this scheme.



Recipients of Emirates top Agents' Award for Chittagong are seen with Edris Taher, Manager-Bangladesh, Emirates, Alexander Lee, Chairman and Managing Director of ABC Air Ltd., GSA, for Emirates in Bangladesh, and other staff members of the Airlines.

— Emirates photo

## Russian PM calls for doubling trade with India by 2000

NEW DELHI, Dec 23: Russian Prime Minister Yevgeny Primakov sought to reassure business leaders Tuesday that his country remains a safe place for investment, reports AP.

Primakov, speaking to Indian business leaders at the end of his state visit to New Delhi, tried to set at rest concerns about Russia's economic problems, including the collapse of its banking system. He said Russia was committed to its international financial obligations, an open economy and noninterference with dollar exchange rates.

Russia was also proposing lowering taxes for foreign investors and would consider repaying Indian businessmen who lost money deposited in banks backed by the govern-

ment in the recent banking crisis.

He called for a doubling of India-Russia trade by the year 2000 and for increased Indian investment in his country.

Russia has been one of India's largest trade partners, but Russia's economic crisis has hit bilateral trade that has been dwindling since the breakup of the former Soviet Union. Trade between the two countries has fallen from a high of \$5.5 billion in 1990 to \$1.5 billion in 1998.

"This we cannot accept," said Primakov calling for twofold increase in trade by 2000 and a fourfold increase by 2005.

In his meeting with his Indian counterpart Atal Bihari Vajpeyi Monday, Primakov said the two prime ministers

pledged to personally oversee removal of obstacles standing in the way of better trade.

Primakov also urged more cooperation in electronics, thermal power, the transfer of science and technology, coal mining and oil refining.

Earlier, Tuesday, the Russian prime minister met India's leading opposition politicians.

The calls on former prime minister Inder Kumar Gujral and Congress Party leader Sonia Gandhi are a matter of courtesy for foreign dignitaries, and an important precaution given India's volatile politics. India has had five governments in the last seven years, and the current coalition led by the Bharatiya Janata Party, has had a shaky nine months in power.

Mondays, Russian and Indian officials also signed seven agreements, including a crucial document extending current military and technical cooperation through 2010 and economic deals.

Primakov said President Boris Yeltsin will visit India next year to sign a strategic partnership agreement defining long-term relationships in political and other fields. Yeltsin, who was to visit India this month, put off his visit after his health deteriorated.

Tuesday afternoon, Primakov left for the former Soviet republic of Kazakhstan on his way back to Moscow. He is to sign an agreement on the exchange of information and on checkpoints on the border between Russia and Kazakhstan.

## India's indigenous small car rolls out in recession-hit market

By K S Nayar

NEW DELHI, Dec 23: Pride ran high as the first indigenous-built Indian small car, the Indica, rolled out of the Tatas' Telco plant in the western city of Pune.

But India has driven into a car market which recorded three per cent negative growth over the past few months and into a niche segment being flooded by leading global auto makers.

Saddled with huge capacity built-up, American, South Korean, Japanese and Italian car makers are hitching their hopes on the small car segment which has posted a 10 to 12 per cent growth in the last two years.

The Indica, to be launched formally in Mumbai on December 30 and opened for booking on January 14 next year, was first exhibited at the Auto Expo here in January 1998. In its first run, the company will limit the number of bookings to 10,000.

The 1400cc Indica hopes to redefine the concept of a small car in the country, dictated for over a decade by the 800cc car from Maruti -- the India-Suzuki collaboration. "What we have is a larger car with a larger engine priced like a small car," said Tata group chairman Ratan Tata. He hopes the Indica's launch will change the cate-

gorisation of the the "small car" by price and not size.

While the petrol version of the 1400cc car gives about 15 kmpl, the diesel version gives 20. The petrol engine is 60 bhp and the diesel one 53.5 bhp. While Telco is yet to decide on the prices, experts say the petrol Indica could be placed at Rs. 270,000 (\$6,400) and the diesel the same Rs. 320,000 to Rs. 400,000 (\$7,600-9,500).

The company is offering an 18-month unlimited mileage warranty on the Indica and says it will be ready with a left hand drive version for the European market in six months. The Indica is coming in four versions -- standard petrol and diesel, diesel with airconditioning, and the version for the high-end market with power steering and windows.

"We have done it without a joint venture or collaboration and launched it on time as promised," Tata declared in an obvious dig at those who had been sceptical of Telco's Rs. 17 billion (\$404 million) -- repeat Rs. 17 billion (\$404 million) -- Project Mint to design and launch a small car.

"I am particularly delighted today as it marks the fulfillment of a promise, giving India a car designed here... a car meant for the country," he said. "We will concentrate on the lo-

cal market first before thinking of exports," he added.

Tata conceded that the Indica came at a challenging time but was optimistic of a turnaround in the market. "The car was coming at a time when a slowdown was happening. We know the market is bad but it is not going to continue," he told The Financial Times newspaper. "The country will not remain in perpetual recession."

Automobile majors, which rushed to India perceiving an emerging world-size car market, are drastically scaling down their business plans in the face of dipping sales but they see the small car segment as driving future growth.

They said the three-cylinder, 796cc Matiz's price may dampen its market prospects as it has to compete with cut-priced Hyundai's (installed capacity 120,000 units) four-cylinder 990cc Santro selling at Rs. 299,000 (\$7,100) for the base model. There is also Maruti's 993cc Zen at Rs. 346,000 (\$8,200). Now there is the Indica. Analysts said it is as an insurance against any adverse Indian conditions that Daewoo is aggressively pursuing an export strategy -- 50 per cent of production for the overseas market.

They said the winner could well turn out to be Indica. Telco is developing, in collaboration with Hongkong's Matheson

basic stripped-down model at a lower price and justified the price of Rs. 355,000 (\$7,900).

Daewoo president S.N. Park told IANS that his company has projected sales of 40,000-50,000 for Matiz, which it hopes to achieve when the economy picks up growth in the next few years.

Although Matiz has a 93.30 per cent share in South Korea compared with the other Korean chaebol Hyundai's Alto, being produced in India under the Santro label since September, analysts said in the price-sensitive Indian market, there is an emerging market for sophisticated cars which Matiz will cater to," he said.

Analysts said taking on Santro will be a difficult task for Zen and Matiz because Hyundai has already indigenised critical parts such as engine, transmission and body. It expects to achieve economies of scale as it is producing these parts to meet the shortfall for the Alto model in South Korea.

Park agreed that competition is getting tough in the small car segment. He said the size of the small car segment, which was 60,000 units in 1995-96, is expected to grow to 80,000 in 1997-98. "In the next fiscal we project the small car segment to grow to 120,000," he said. India Abroad News Service

-- with the help of their better management capabilities.

RPGCL, a subsidiary of Petrobangla, converted only about 900 vehicles since 1997. But could not provide proper services to clients as most of the sole CNG conversion company, could not serve customers properly. As a result, car owners have lost their interest in conversion.

"We have to overcome this negative image regarding CNG."

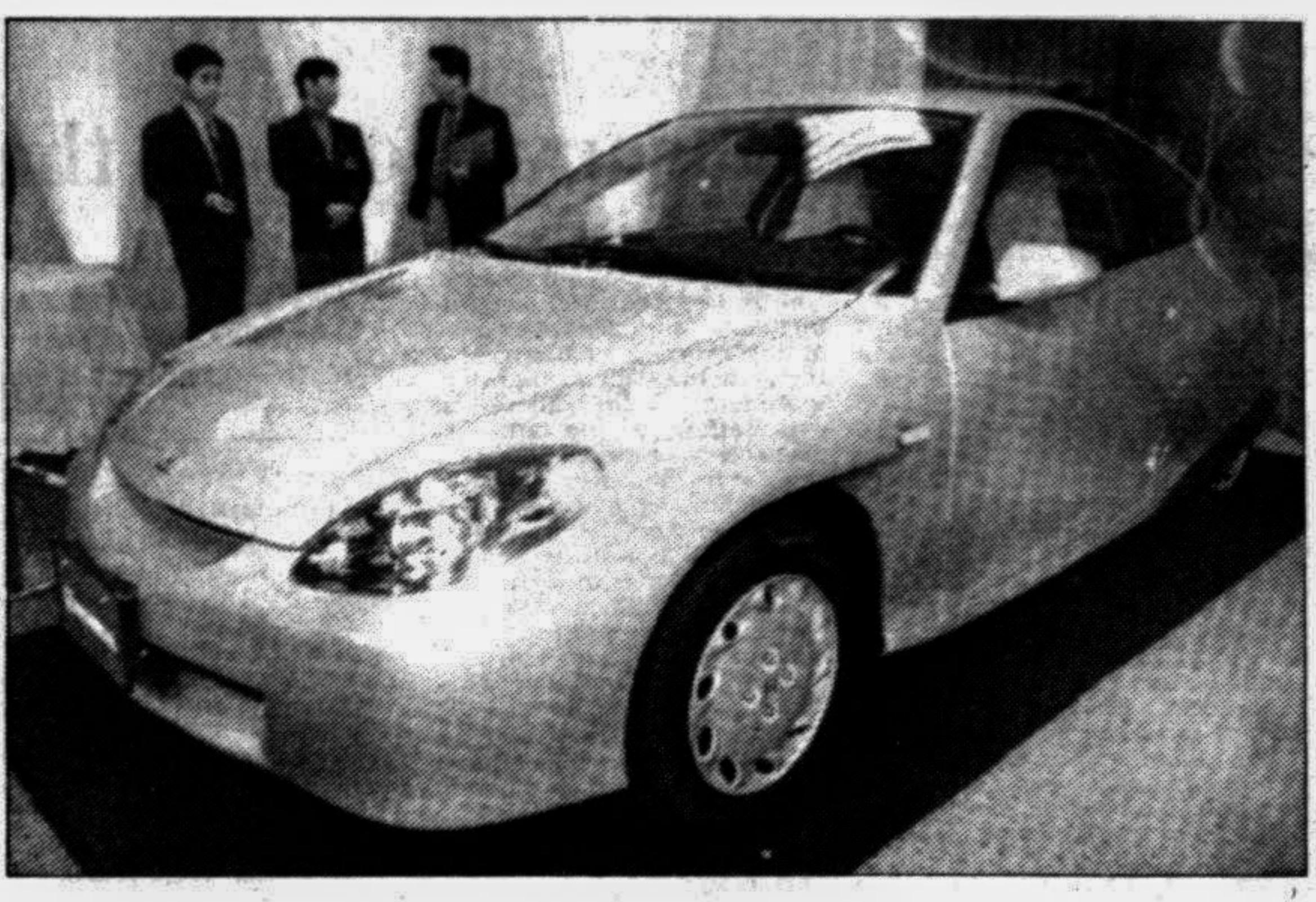
RPGCL now charges Tk 23,500 for converting a normal car into a gas-using one. But its real conversion cost is Tk 31,500 mainly because of its high overhead costs, and as a result it gives a Tk 8000 subsidy on each vehicle. But the private companies said they could keep their conversion fees low -- between Tk 24,000 and Tk 27,000.

The CNG companies will buy

natural gas from gas companies at Tk 1.68 per cubic meter and will sell CNG to customers at Tk 7.45 per cubic metre over a period of five years. However, gas tariff for production and selling of CNG will be fixed from time to time, in accordance with the changes in government decisions.

The companies have been asked to set up five CNG refilling stations along with adequate workshop facilities for conversion of 4,000 vehicles per annum. Each of the companies is expected to attain a target of establishing 25 refueling stations and conversion of 20,000 vehicles to CNG within five years.

If the companies can achieve their target, 75 refilling stations will be set up and 60,000 vehicles will be converted to CNG within five years.



A prototype of Honda Motor's next generation "super-efficient" car is unveiled at a press conference at the Honda headquarters in Tokyo Monday. The vehicle, made of aluminum and weighing only 800 kilograms, achieves a mileage of more than 30 kilometers (18.75 miles) per litre, the highest level among current gasoline-powered cars. Honda plans to launch the car worldwide in the autumn of 1999.

— UNB/AP photo

## Algeria keen to expand trade with Bangladesh

Algeria is eager to strengthen the bilateral relations with Bangladesh through expanding trade, the new Algerian ambassador Aissa Seferjeli said in Dhaka yesterday.

The new Algerian envoy, who called on the Minister for Commerce and Industries Tofail Ahmed at his office, said Bangladesh had the trade capacity on many items.

Regular exchange of information between public and private sectors of both the countries could help expand bilateral trade between Algeria and Bangladesh, he said and stressed the need for frequent visits of trade delegations between the two countries.

Seferjeli also observed that it would help strengthen the fraternal bond between the two countries.

Tofail Ahmed welcomed the

## All Pak banks allowed to operate in euro

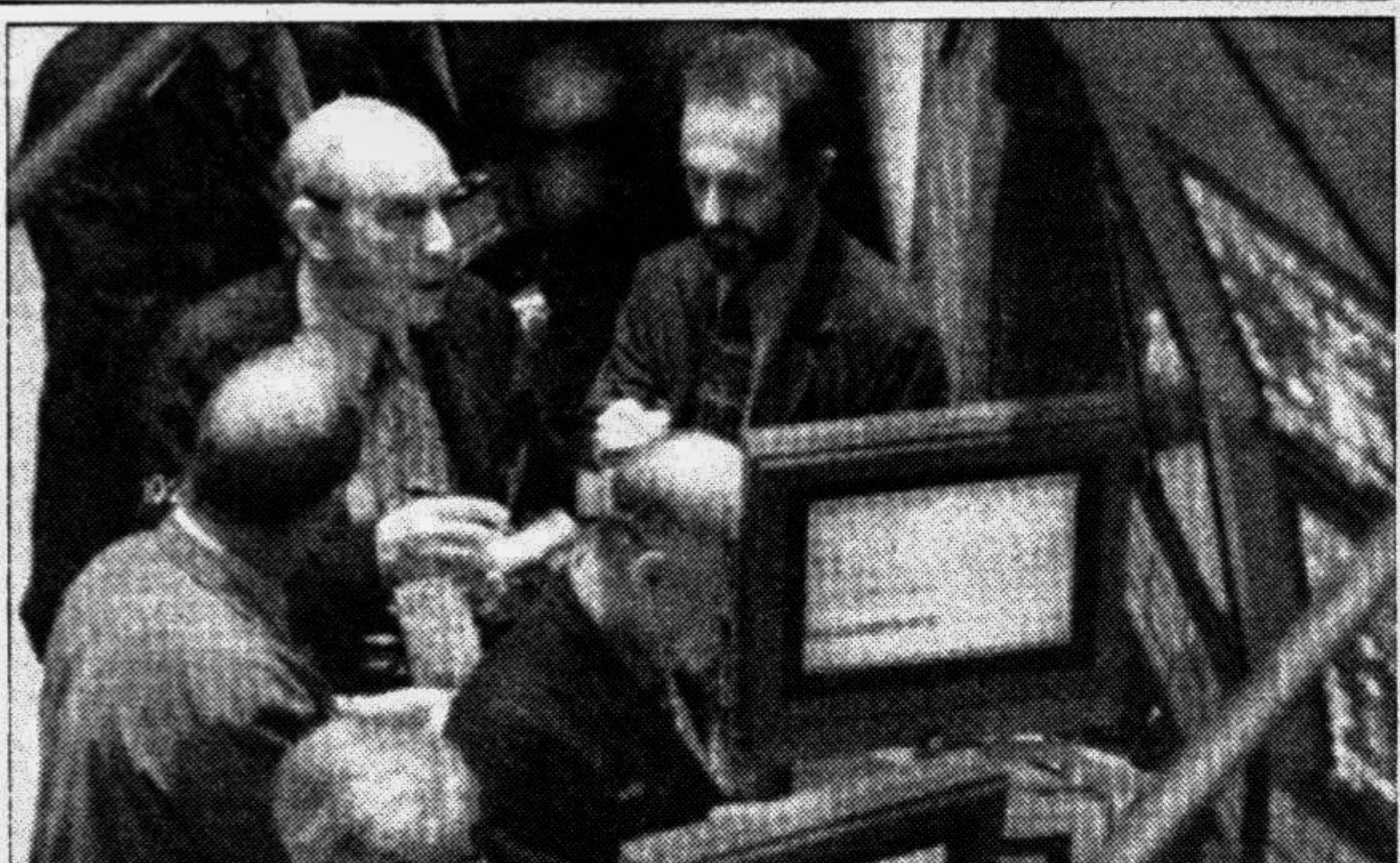
KARACHI, Dec 23: Pakistan has allowed all local and foreign banks operating in the country to handle transactions in the euro currency from January 1, bankers said yesterday. reports AFP.

The central State Bank of Pakistan has issued a circular permitting banks to open euro accounts for transactions related to exports and imports and remittances, they said.

The banks can accept euro deposits in the country and determine rates of exchange and will report details to the central bank regularly.

A senior executive in the state-run Habib Bank Limited said his bank had set up necessary infrastructure for dealings in euro, training of staff and educating clients about procedures.

Muhammad Aurangzeb, Country Manager of Dutch Bank ABN Amro, welcomed the central bank's decision.



Traders check the price of stocks at a post while working on the floor of the New York Stock Exchange Tuesday.

—UNB/AP photo

## IMF sees brighter prospects for ROK, Thailand, Malaysia

WASHINGTON, Dec 23: The International Monetary Fund yesterday said South Korea, Thailand and Malaysia faced brighter prospects in 1999, with their economies either limiting output declines or staging modest recoveries after deep recessions this year, reports AFP.

Indonesia too was making progress toward stability, although the process has been complicated by political uncertainty and slowness in the implementation of reforms, the IMF concluded in the latest edition of its World Economic Outlook report.

Monday, Russian and Indian officials also signed seven agreements, including a crucial document extending current military and technical cooperation through 2010 and economic deals.

Primakov said President Boris Yeltsin will visit India next year to sign a strategic partnership agreement defining long-term relationships in political and other fields. Yeltsin, who was to visit India this month, put off his visit after his health deteriorated.

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## 'Malaysia needs \$16b for 1998-99 fiscal year'

KUALA LUMPUR, Dec 23: Malaysia's total financing needs for the 1998-99 fiscal year are estimated at 62 billion ringgit (16 billion dollars), the national economic action council said yesterday, reports AFP.

The amount comprises 26 billion ringgit to meet the fiscal deficit, 31 billion ringgit to restructure the financial system and five billion ringgit to develop infrastructure, a council spokesman said.

"Malaysia's savings rate is high at over 40 per cent of gross national product and there is sufficient liquidity in the banking system," he said.

The council was set up to recommend policies to put the ailing economy back on track following the Asian financial crisis.

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