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# The Daily Star BUSINESS

DHAKA, MONDAY, DECEMBER 28, 1998

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## Bodies on RMG formed Value addition, linkage industry to be evaluated

A high-powered committee was formed yesterday by BTMA President Salman F Rahman as its convenor to assess the actual domestic contents for woven, knit and specialised garments, reports APB.

The committee was constituted at a meeting of the advisory committee on trade and industry with Commerce and Industries Minister Tofail Ahmed in the chair.

The representatives of BGMEA, BKMEA, and Ministries of Textiles and Commerce have been included as members of the committee.

The report of the committee is expected to help determine the expansion of backward and forward linkages industries and assist government in determining additional incentives for growth of the sector.

Another committee, with FBCCI President Abdul Awal Minto as its convenor, was also formed at the meeting to recommend measures for raising efficiency, productivity and competitiveness of local industries.

The committee will suggest ways and means to help the spinning mills in facing the challenges as a result of derogation of GSP rules. It includes representatives from BTMA, BGMEA and BKMEA.

## Business leaders express optimism Exports to start picking up next month

Some business leaders are optimistic that export earnings will start increasing sharply from next month (January) and the rising trend will continue in the days ahead, reports APB.

The optimism was expressed at a meeting of the advisory committee on trade and industry, held at the Commerce Ministry yesterday with Commerce and Industries Minister Tofail Ahmed in the chair.

They believed that ready-made garment (RMG) exports would increase as a result of derogation of rules of origin for availing GSP facilities.

FBCCI President Abdul Awal Minto, DCCI President Rashed Maksud Khan, MCCI President Laila Rahman Kabir, BTMA President Salman F Rahman, BGMEA President Mustafa Gollam Qudus, BKMEA President Manzurul Haq, BCI President Sharif M Afzal Hossain, Commerce Secretary Sayed Alamgir Farouk Chowdhury, NBR

Chairman Abdul Moyeed Chowdhury, Industries Secretary KM Ejazul Haq, Textiles Secretary Shamsuzzaman Chowdhury and other officials were present.

Addressing the meeting, Tofail pointed out that a staggering flood had affected the country's export earnings but the losses were being overcome gradually.

Terming the textile sector the prime export earner, the minister said it was time the country's entrepreneurs develop backward linkage industries to boost apparel exports.

He stressed the increase of local value addition, especially in the RMG sector. In this connection, a committee has been formed with BTMA President Salman F Rahman as the convenor to assess the actual domestic contents for woven, knit and specialised garments.

The minister further pointed out that subsidy for any partic-

ular sector for unlimited period would not be healthy for economic growth. But he agreed that incentives should be provided for increasing local value and the committee's report will help the government incoming up with more incentives.

FBCCI President Abdul Awal Minto said that high production costs and inefficient management were responsible for incompetitiveness of the country's products. "Our currency is also over-valued," he said. The FBCCI has been asked to come up with a paper suggesting ways and means for producing competitive goods.

BGMEA President Qudus claimed that the garments export would double in the next month. He said RMG exports suffered a setback due to negative publicity abroad in the wake of flood.

It was also decided to enlist melamine as a sector for national export trophy. The deci-

sion was taken in view of the growing exports of melamine products. Bangladesh is going to export melamine to India and shipment of the first consignment worth 26,000 US dollar will be made next week.

Tofail underlined that country would have to move forward on a product-to-product basis for increasing exports to India.

He pointed out that local value addition requirement to avail preferential export facilities to SAARC countries had been reduced to 30 per cent.

He urged the business community to identify specific items which could be exported to SAARC countries. He said there are few new items that should be encouraged and included in the export trophy list.

The meeting decided to reduce the wastage of imported fibre from 20 per cent to 16 per cent for the interest of the local spinning mills.

## Fallout of global recession Remittance growth takes a tumble

Star Business Report

As a fallout effect of the global recession, the country's manpower sector is feeling the pinch with gradual slowdown in remittance growth.

In the ten months of the 1998 calendar year, remittance flow registered a mere 2.28 per cent growth, much lower than the annual growth of about 12.5 per cent in 1997, according to the Ministry of Labour and Manpower.

However, this sluggish growth does not match the figures of manpower export.

The number of people who went abroad with jobs increased by 15.58 per cent during the ten months ending in October 1998.

From January to October this year, Bangladeshi expatriates remitted US \$1295.08 crore against \$1266.21 crore during the same period last year.

Officials now point out a number of reasons that may have contributed to this slowdown in remittance growth.

They say that with the on-

lash of the global recession, employers have clamped down salaries of their employees. As a result, although the number of workers going abroad with jobs has increased, it could not jack up the remittance flow that much.

On the other hand, expatriates are becoming more and more dependent on the unofficial money transactions channel - the *hundi*.

"If a worker sends his money through the banking system, it takes a long time to reach the receiver," explained a banker of a nationalised commercial bank, which handles a big chunk of foreign remittances. "But the unofficial *hundi* network is now so strong that the money, in many cases, reaches the receivers on the same day of despatch."

The *hundi* system is simple for the less-educated workers who do not want to face bank hassles.

The system must be simplified to bring remittances to the

proper account," said Dr Atiur Rahman of BIDS in a recent interview with the Daily Star. "As money is now coming through the unofficial channel, its impact is not being reflected on the country's foreign exchange reserves. On the other hand, the smuggling payments are thriving on the *hundi* system."

It was perceived that a significant portion of the remittance earned by expatriate Bangladeshis is being used to settle the imbalance in informal trade.

Meanwhile, manpower export to a number of job-providing countries have declined significantly.

In the first ten months of 1998, only 551 persons got jobs in Malaysia while in 1997, some 52,844 workers were employed there.

In UAE, on the other hand, only 36,511 persons got jobs in January-October period of 1998 while in 1997, 54,719 persons went there.

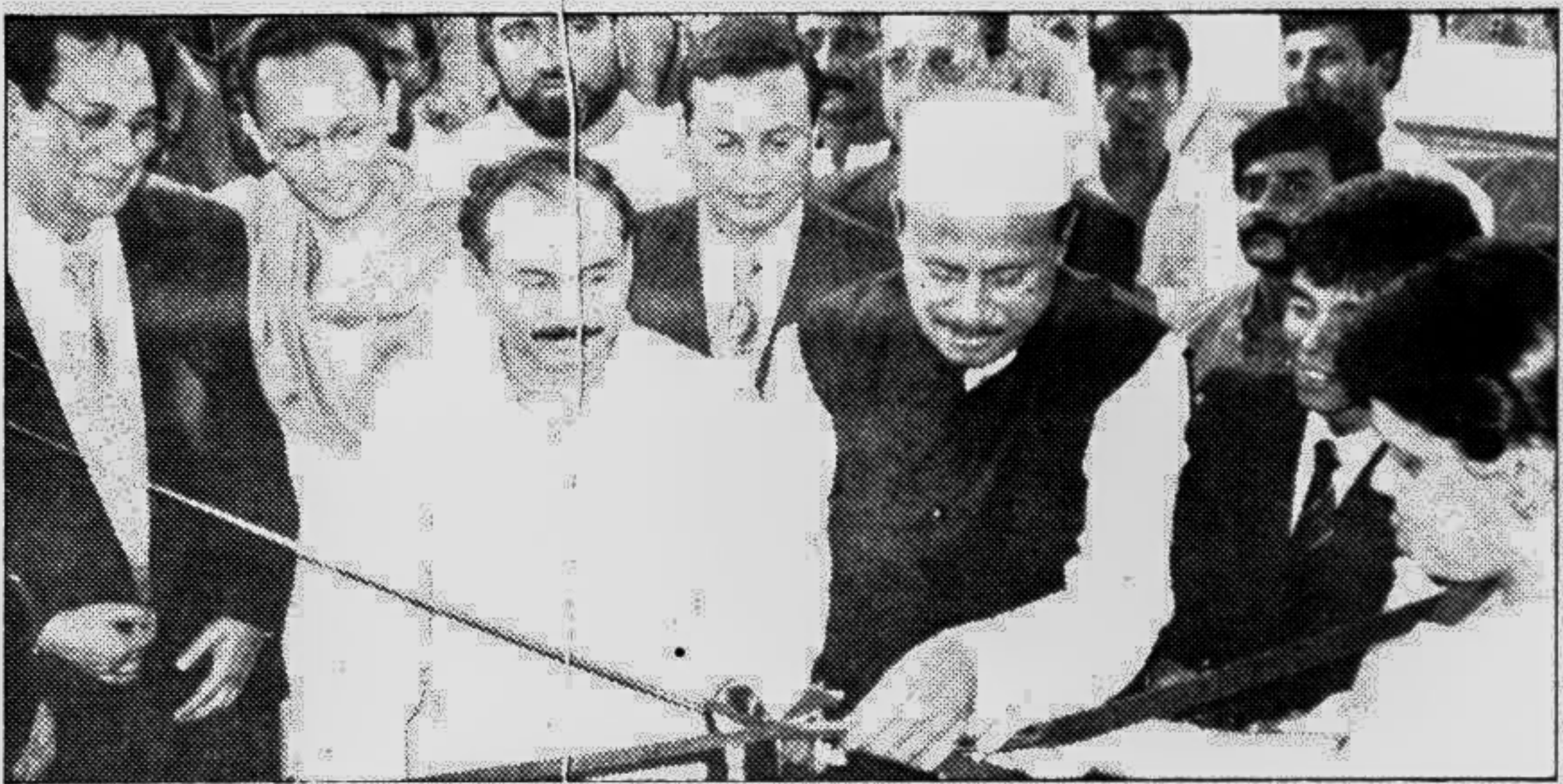
## Govt plans six rubber dams in Bandarban

BANDARBAN, Dec 27: The government has undertaken a project to construct six rubber dams costing Tk 30 crore for expanding cultivation facilities in the three hill districts, reports UNB.

The field level feasibility studies have already been completed. Official sources said the LGED will provide all possible cooperation to construct the dams.

At least 20,000 acres of extra lands will be brought under Boro cultivation in Bandarban, Rangamati and Khagrachhari districts after the completion of the project, official sources said.

Besides, it would be possible to earn a lot by growing a huge number of fruits like orange, banana, papaya, pineapple in dry season if embankments are constructed by LGED to ensure irrigation facilities in the orchards at the slopes of the hills.



Chittagong city Mayor A B M Mohiuddin Chowdhury inaugurates the regional headquarters and sales centre of Rangs Group at Alkaran Shopping Centre in Chittagong. The Group's Managing Director, Executive Director Rumi Akhtar Hossain, Deputy Commissioner of Chittagong Mohammad Hasan and President of Chittagong Chamber of Commerce and Industry Kamal Ahmed are also seen. — Rangs photo

## Indian oil firms to step up exploration in C Asia

NEW DELHI, Dec 27: An agreement signed by India's Oil and Natural Gas Corporation (ONGC) and the Russian oil giant Lukoil last week opens up increased opportunities for joint oil exploration and exploitation in Central Asian countries.

According to official sources, the two companies would make joint bids for exploration in blocks offered in Russia and countries like Kazakhstan, Turkmenistan, and Iraq depending on the opportunities. Together the two companies would invest \$150-200 million on a joint basis, sources said.

ONGC Chairman BC Bora said Lukoil could help the corporation expand its activity in Central Asia where it is already well represented.

A Memorandum of Understanding (MOU), signed by the chief executives of ONGC and Lukoil here coinciding with the visit of Russian Prime Minister Yevgeny Primakov last week, renews cooperation between the countries at government-to-government level and between

institutions after a gap of about six years.

ONGC has now entered into MOUs for exploration with countries like Kazakhstan and Azerbaijan and is having discussions with some others like Turkmenistan and Iraq.

Among its projects abroad, success has been achieved mainly in Vietnam where a large discovery of gas was made in an offshore block. To exploit the gas find commercially, 955 square kilometres has been retained for development. Negotiations for determination of gas price is in progress with Petro Vietnam.

ONGC-Videsh Ltd, a subsidiary of the corporation, engaged in exploration activity overseas, would open offices in Moscow, Baku and Almaty.

ONGC-Videsh Ltd has already signed MOUs with a number of international companies for taking up exploration and development projects abroad.

In addition, Oil India Ltd (OIL) is also exploring possibilities of acquisition of hydrocarbon acreages overseas.

Exploration being a pro-

tracted process, starting from surveys and data collection, ONGC's tie-up with Lukoil would take six to seven years to show results, sources said.

During the Primakov visit, the Indian Oil Corporation (IOC) also signed a MOU with Lukoil for direct purchase of 10 million tonnes of crude from Russia phased over the remaining period of Ninth Five-Year Plan (1997-2002).

The ONGC-Lukoil agreement will help India firm up assured supply of crude to meet the national requirement, expected to double to 120 million tonnes by 2006-7.

The country now produces annually 32-33 million tonnes of crude oil and imports about the same quantity to meet the needs of the domestic refineries having a capacity of 62 million tonnes.

India plans to double its refining capacity by 2005-6 to meet the domestic needs of petroleum products. The main problem however is virtual stagnation in the production of domestic crude.

— India Abroad News Service

## Rangs opens regional HQ in Ctg

Star Business Report

Rangs Group has opened its regional headquarters and sales centre in Chittagong, says a press release.

Chittagong City Mayor A B M Mohiuddin Chowdhury inaugurated the regional headquarters-cum-sales centre at Alkaran Shopping Centre recently.

Rangs Group Managing Director, Executive Director Rumi Akhtar Hossain, Deputy Commissioner of Chittagong Mohammad Hasan and President of Chittagong Chamber of Commerce and Industry Kamal Ahmed attended the opening ceremony.

Rangs will sell Toshiba television, refrigerator, aircooler, BPL TV, refrigerator and audio systems; Pioneer hi-fi audio system; and Cannon cameras from the centre.

## Thailand moves to boost tourism, agriculture

BANGKOK, Dec 27: After focusing on financial problems of the country for more than one year, the Thai government is to put tourism and agricultural sectors to a higher place under a new economic action plan for next year, the Bangkok Post reported yesterday, says Xinhua.

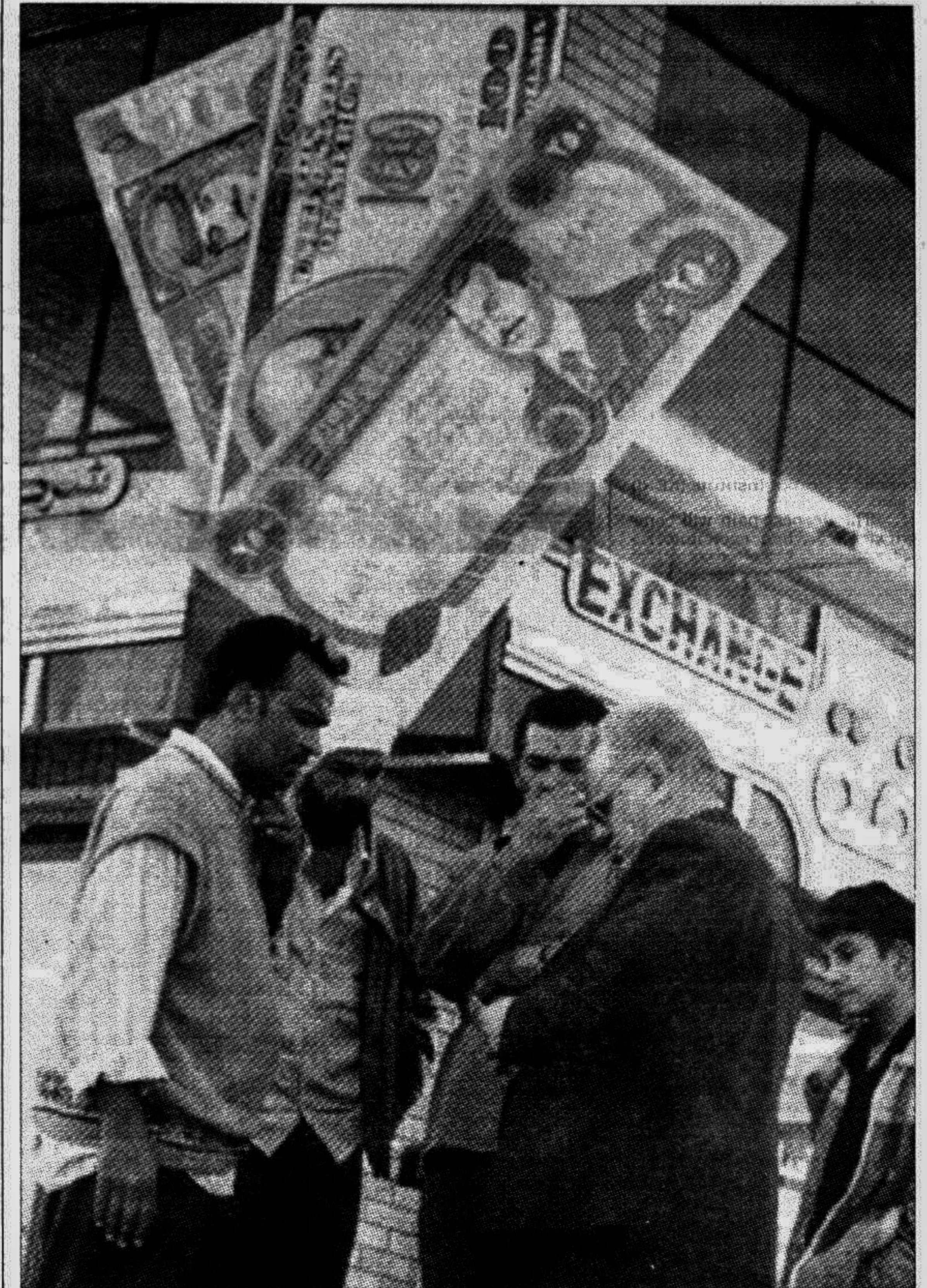
Boonchu Rojassatien, the Prime Minister's Economic Adviser, said he was confident the action plan would help create income and put the economy back on track after the first quarter of next year.

With contractions contained, he said, the government would be better able to breathe new life into the economy.

The new action plan shows that the democratically elected government, which has so far concentrates its effort on bailing out troubled financial institutions, has decided it is time to fix the ailing real sector.

Tourism, one of the country's top foreign exchange earners, will be among the action plan's priority targets.

The government has drawn a blueprint for the macro-management of the tourism industry, which is to be revamped to upgrade the standard of tourism services.



Iraqis do business in front of a money exchange office in downtown Baghdad Saturday. Almost a week after US and British military launched a four-day campaign of airstrikes, prospects for an improvement of the economic situation for Iraqis are as dim as they were before as the eight-year old UN embargo remains in place. — AP/UNB photo

## BB T-bill auctions held

The 17th auction of Treasury bills of 28-day, 91-day, 364-day, two-year and five-year terms were held at the Bangladesh Bank yesterday, reports APB.

Some 56 bids for a total of Tk 857.50 crore, nine bids for Tk 56 crore, 11 bids for Tk 45 crore and 13 bids for Tk 109 crore were offered respectively for the 28-day, 91-day, 364-day and two-year bills.

Of those, seven bids for a total of Tk 434.50 crore of 28-day bills and six bids worth Tk 31 crore of 91-day bills were accepted, said a BB press release.

No bids were offered for the 182-day and five-year terms and the bids offered for the 364-day and two-year bills were not accepted.

The weighted average prices against the 28-day and 91-day bills were Tk 99.38, Tk 97.81 per Tk 100 respectively. The corresponding yields are 8.11 per cent and 8.59 per cent per annum.

## Eastern Housing declares 16 pc dividend

Star Business Report

Eastern Housing Ltd (EHL) has declared a cash dividend of Tk 16 per share of Tk 100 each for the year ending July 1998.

The dividend was announced at the company's 34th annual general meeting held in the city yesterday with its chairman Manzurul Islam, presiding, says a press release.

During the accounting year ended on 31.07.98 the company earned a (after tax) net profit of Tk 124.41 million against Tk 117.85 million in the last year. This was indeed a commendable performance if viewed in the backdrop of unprecedented financial turmoil engulfing this part of the world which had its worst after the past 15 months.

Despite slowdown in the economy of the country and cash crunch, the company could purchase 176.59 acres of land worth over Tk 616 million and fully develop 105.22 acres of land against 62.58 acres in the last year.

Over and above another, 1,35.13 acres of land were at different stages of development.

In the apartment sector, the company built 150 apartments and commercial shops as against 134 in the previous year and 1, as another 1,166 apartments and shops under different stages of construction.

The shareholders unanimously approved the Director's Report and the audited accounts of the company.

## Most Asian stocks to gain this week

HONG KONG, Dec 27: Hong Kong's stock market is expected to trade quietly this week ahead of the new year, taking its cue from overseas counterparts, dealers said, reports APB.

The key Hang Seng Index gained 65.97 points over the week shortened by the Christmas holiday to close at 10,292.20 on Thursday on average daily turnover of 2.97 billion Hong Kong dollar (384 million US dollar).

TOKYO: Tokyo shares are expected to rise in the coming week on hopes by investors that the economy will recover from recession in the new year, brokers said.

During the holiday-shortened week, Tokyo shares lost 396.34 points, or 2.8 per cent, to finish at 13,797.95 the top index of all first-section issues was down 18.74 points at 1,082.96. There was no trading on Wednesday, a public holiday.

Daily turnover amounted to 289.0 million shares worth 213.4 billion yen (1.8 billion dollars), compared with 354.3 million shares worth 261.8 billion yen in the previous week.

The Tokyo Stock Exchange is due to close for the new year after a half-day session on Wednesday. It will reopen on January 4.

BANGKOK: Thai stocks are

well placed to make moderate gains in light trading in the holiday-shortened week ahead, analysts said.

In the week to Friday, in which many foreign investors were sidelined for the Christmas, break, shares gained 4.2 per cent as the Stock Exchange of Thailand composite index put on 14.24 points to close at 356.16 points.

Daily average trading value dropped to 2.2 billion baht (60.3 million dollars) from 3.3 billion baht the previous week.

JAKARTA: Indonesian shares are expected to strengthen slightly in the coming week on year-end window dressing in otherwise quiet trade, dealers said.

The Jakarta stock exchange closed 2,107 points lower over the four-day week at 401,855.

The average turnover for the week was 157.4 million shares at an average value of 19.3 million dollars, compared to the previous week's volume of 271.2 million shares at 36.9 million dollars.

KUALA LUMPUR: Malaysian stocks are headed for a listless week in the run-up to the new year after rising a mere 0.3 per cent in the holiday-shortened week to Thursday, analysts said.

The Kuala Lumpur Stock Ex-

change's composite index rose 1.91 points to finish the trading week at 552.32 but the lesser second board index dipped 9.99 points, or 5.8 per cent, to end at 163.65.

Average daily volume during the week fell to 288.46 million shares worth 334.24 million ringgit (88 million dollars) from 308.87 million shares worth 546.21 million ringgit the previous week.

SEOUL: South Korea's stock market is expected to end virtually flat next Monday, the last day of trading for this year, dealers said.

Over the holiday-shortened trading week to Thursday, the index rose 5.5 per cent to 555.36 points, average daily turnover was 252.7 million shares worth 2.0 trillion won (1.7 billion dollars), down from 303 million shares a week ago.

TAIPEI: Taiwan's stock market faces strong selling pressure in the week ahead as investors test the government's resolve to shore up share prices, analysts said.

Over the Christmas-shortened week to Thursday the Taiwan Stock Exchange weighted price index rose 46.34 points, or 0.7 per cent to settle at 6,683.00 after a 4.4 per cent decline in the previous week.

Average daily turnover was

1.87 billion shares worth 67.55 billion Taiwan dollars (2.09 billion US), compared to 1.70 billion shares worth 59.61 billion Taiwan dollars in the previous week.

SINGAPORE: Singapore stocks should enjoy good demand in the coming week before fund managers close their books for 1998, dealers said.

The benchmark Straits Times index of the Stock Exchange of Singapore closed the four-day trading week down 13.12 points to 1,392.75 while the broader all Singapore index weakened 4.23 points to 382.01.

MANILA: Philippine share prices are expected to sustain gains into next week on continued window dressing ahead of the new year, analysts said.

The Philippine Stock Exchange composite index closed 45.79 points or 2.4 per cent up week-on-week Friday to settle at 1,932.15.

SYDNEY: Australia's stock market will focus next week on cerebral issues such as the introduction of the euro, global deflation and the prospect of a further easing in monetary policy, brokers said.

The Australian stock exchange's main indicator, the all ordinaries index, closed the week 14.7 points higher, or 0.5 per cent, at 2,764.0.

## Yen falls, other Asian units close week mixed

HONG KONG, Dec 27: Japan's plans to run a huge budget deficit depressed both the government bond market and the yen over the past week, while weak commodity prices pushed down the Australian unit, reports APB.

Other Asian currencies were mixed in trading curtailed in most centres by the Christmas holidays.

JAPANESE YEN: The Japanese currency fell against the US dollar over the week as government bond prices tumbled on growing concern about Japan's huge deficits, dealers said.

It traded at 116.15-20 to the dollar late Friday, down from 115.19-21 a week earlier.

The yen plunged to a low of 117.45 to the dollar Tuesday as Japanese government bond prices dropped on concerns over the country's rising debts.

The yield on the benchmark 10-year bond, which moves in the opposite direction to price, closed at 1.9 per cent in Tokyo Tuesday, its highest since September last year.

Japanese banks dumped bonds, unnerved by the government's budget for next year

that showed 37.9 per cent of its 81.86 trillion yen (711.8 billion dollars) in spending would be met by government debt.

The crash in the bond market triggered a chain reaction, pulling both Tokyo shares and the yen lower, a Citibank dealer said. "The drop in bond prices means that people are again losing their confidence in the Japanese economy."

The yen was quoted at 117.07-10 to the dollar late Tuesday while the Tokyo market was closed Wednesday for a public holiday.

INDONESIAN RUPIAH: The rupiah was trading at 7,800-7,900 to the dollar Thursday compared to previous Friday's 7,800.

PHILIPPINE PESO: The Philippine currency appreciated 0.7 per cent against the US dollar week-on-week, closing at 38.95 pesos to the greenback Thursday from 39.20 pesos on December 18. Currency markets were closed Friday.

SOUTH KOREAN WON: The won slightly strengthened to 1,206.80 to the dollar Saturday from 1,208.50 a week earlier.

TAIWAN DOLLAR: The Taiwan dollar rose 0.1 per cent against

the greenback over the week to settle at 32.243 Thursday on a weakening US unit overseas and amid laclustre trading before Christmas holidays, dealers said.

It was expected to move in a narrow range with modest turnover before the end of the year.

THAI BAHT: The baht was relatively stable against the dollar in the past week due to progress in disposing of some assets left unsold from the financial sector restructuring authority auction.

It closed Friday at 36.34-37 to the dollar compared to the previous week's close of 36.65-75.

AUSTRALIAN DOLLAR: The Australian dollar closed a shortened trading week Thursday almost one US cent lower at 61.03 US cents, from 62.00 cents the week before.

It will be strongly influenced once again in the coming week by the impact of lower commodity prices, brokers said.

"The Aussie is still very heavily weighed by the negative sentiment towards it on commodity prices," said Rothschild and Sons manager,