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Oil price slump hits Russia hard

MOSCOW, Jan 6: The global slump in oil prices has hit Russia hard, slashing nearly 30 per cent from the country's revenue from oil exports this year despite a 10 per cent increase in production, statistics released yesterday by the customs service showed, reports AFP.

Russia's oil exports for the first 11 months of 1998 were worth 29.7 per cent less than in the same period in 1997, while exports for the period totalled 116.43 million tonnes of oil, a 10 per cent increase on the same period in 1997.

Because of the drastically reduced oil prices, revenue from the Russian oil sales dropped by 3.76 billion dollars in 1997. Revenue had reached 8.89 billion dollars in 1997.

To compensate for the price fall, oil companies are expected to announce that in 1998, oil production increased to a new record level of 295-300 million tonnes.

Exports of gas, crude and derived products make up 42 per cent of Russia's foreign currency earnings.

Russia is the world's third largest producer of oil.

Stone extraction suffers setback in Sylhet

SYLHET, Jan 7: Stone extraction at Bholaganj in Companiganj thana of the district has been facing setback due to accumulation of heavy silts in the bed of the river Dhalai, reports UNB.

The extraction site one of the largest in the country, fell substantially in the last few years due to this problem.

Local people said huge silt from the upstream has been accumulating every year due to various reasons including massive destruction of trees and cutting of hills for the purpose of road construction in the hilly regions. The river is also losing its navigability because of the silts.

The volume of stones being transported through Chhatak-Bholaganj line has been reducing day by day.

Rupali Bank computerises forex branch

Rupali Bank's foreign exchange and corporate branch, Dhaka, has started electronic banking on Sunday, says a press release.

Afzalur Rahman, Chairman of the bank, inaugurated the automation.

Managing Director A K M Nozmul Haque, and high officials of the bank attended the inaugural ceremony.

Afzalur Rahman in his inaugural speech opined that officials of the branch would now be able to render their best services to the customers.

He advised the bank officials to come forward for best utilisation of modern technology to change present scenario of the banking sector.

The Managing Director expressed his deep gratitude to the Vice Chairman of Infinity Technology International Limited, A S M Jamal Uddin, for giving technical support in computerising the bank branch.

He hoped that other branch of the bank would be computerised in phases.

New chief adviser of Eastern Ins

ER Khan has joined Eastern Insurance Co Ltd, as chief adviser, says a press release.

Prior to this joining, he was the Managing Director of Phoenix Insurance Co Ltd.

He held many senior management positions of various insurance companies including General Manager of Shadharan Bima Corporation.

He also served the Insurance Association of Pakistan as Member and its regional committee in erstwhile East Pakistan as Chairman.

Khan is a Member of the Central Rating Committee and Chairman of its Fire-sub-committee.

Russia fixes rouble rate against euro

MOSCOW, Jan 6: The Russian central bank yesterday set its first official exchange rate for the rouble against the euro at 24.09 rubles, Itar-Tass reported, reports AFP.

The bank said earlier that it would establish the rouble-euro rate by using the new European currency's cross rate against the dollar.

The euro has yet to start trading in Moscow, but the Interbank Exchange is planning a first trading session for next Monday, and several Russian commercial banks have already opened euro accounts at Dresdner Bank to take part in the trading session, Itar-Tass reported.

Introduction of the new currency is seen as having a key impact on Russia's troubled financial system.

ECNEC okays Tk 522.18 cr CHT infrastructure project

The Executive Committee of National Economic Council (ECNEC) yesterday approved seven projects at an estimate cost of Tk 893.81 crore, including project aid component of Tk 670.02 crore, reports UNB.

The approval was given at a meeting of the ECNEC with Prime Minister Sheikh Hasina in the chair.

The projects are: Bamboo, cane and murta development project (Tk 30.64 crore), infrastructure development project to speed up the economic activities in the Chittagong Hill Tracts region (Tk 522.18 crore), construction of link roads from Dayaganj to Jurain (Tk 39.63 crore), construction of Shwameshwari, Shukankuri

and Jaria Bridges on Birishiri-Shayamganj Road and construction of Dashdhar and Kalmakanda bridges on Ne-trakona-Kalmakanda road (Tk 18.65 crore), supervisory control and Data Acquisition System Revised Project (Tk 166.78 crore), Development of Poor Women Deprived of Food Security (Tk 90.91 crore), Construction of Primary Schools-cum Flood Shelter Centres affected by 1998 floods (Tk 25 crore).

Bamboo Development Project area covers Chittagong, Cox's Bazar, Dhaka, Mymensingh, Tangil, Comilla, Sylhet, Bogra, Dinajpur, Rangpur, Pabna, Rajshahi, Jessore,

Faridpur, Kushtia, Barisal and coastal areas of Chittagong, Noakhali, Bhola, Patuakhali, Laxmipur, Feni, Bagerhat and Pirojpur.

The objective of infrastructure development project in Chittagong Hill Tracts region is to speed up the economy of the hilly region by constructing link roads, rural roads, bridges, culverts, growth centres and development of ten tourism centres.

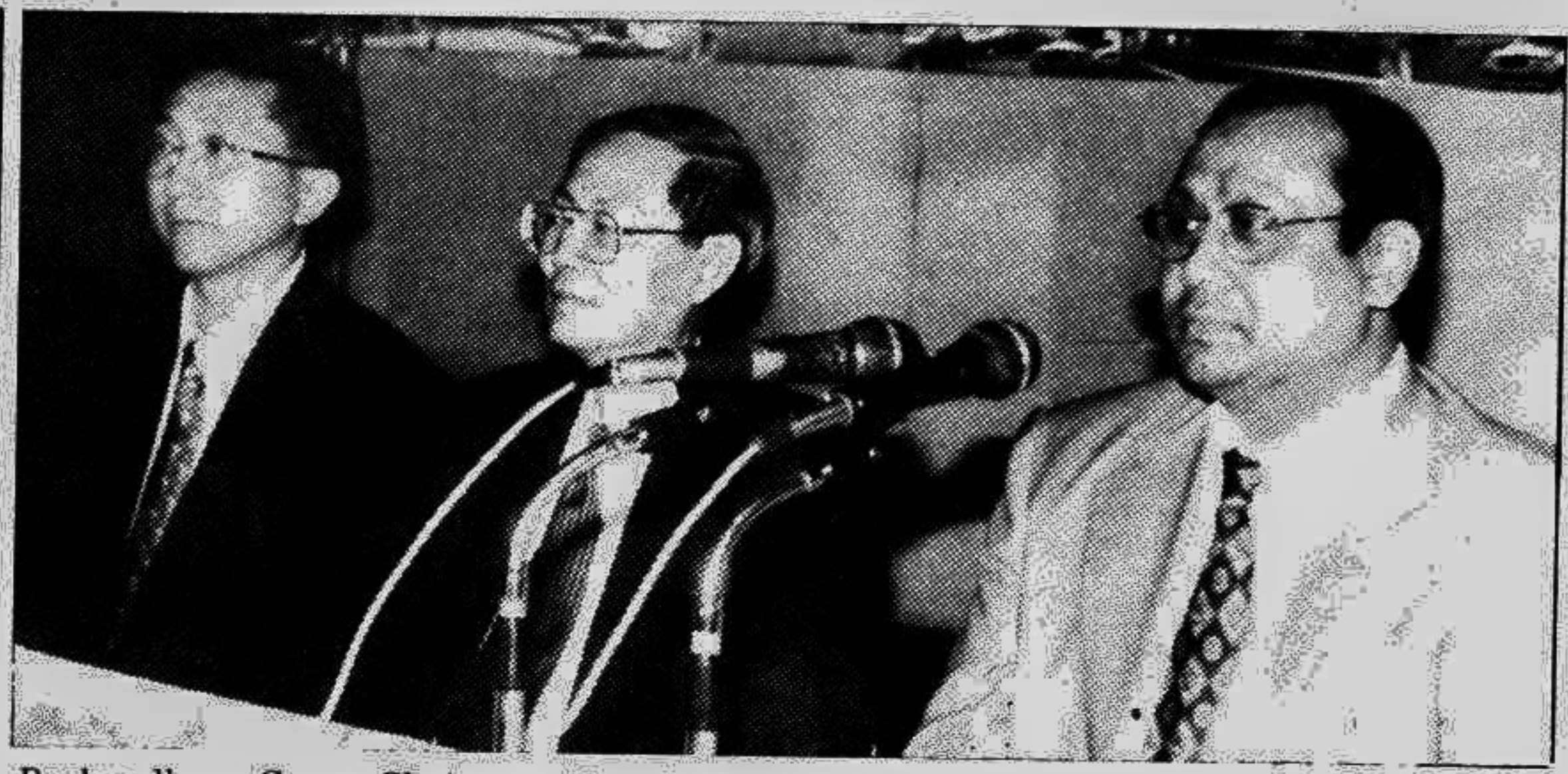
On completion of 1,930 meter long and 24.38 meter wide link road from Dayaganj to Jurain will help ease traffic jam from Saidabad to Jatrabari. This link road will connect Narayanganj with Dhaka and it

will be constructed along the eastern side of Dhaka-Narayanganj rail line.

Under the poor women development project, women and their families, who are taking less than 1800 kilo calorie food per day, will be given food security. Poor and unskilled womenfolk will be made skilled through vocational training and providing them with loan.

Prime Minister Sheikh Hasina directed the concerned officials of complete the approved projects on schedule.

Concerned Ministers, Cabinet Secretary, Governor of Bangladesh Bank, concerned secretaries and senior officials attended the meeting.



Bashundhara Group Chairman Ahmed Akbar Sobhan makes the formal announcement of the construction of Bashundhara City at a press conference in city yesterday. —Star photo

Biggest city shopping mall starts rising this month

Star Business Report

The construction of a Tk 300 crore shopping mall at the northern end of the Panthapath road in city starts this month. The complex, which takes aim making a big stride towards combining commerce with recreation, is poised to be the largest in South Asia.

Bashundhara City Development LTD, a sister concern of Bashundhara Group, is going to implement the project on 4.5 acres of land. The project includes an eight-story shopping mall and a 20-story office tower.

While making formal announcement of the project at a press conference at Sonargaon Hotel yesterday, Bashundhara Group Chairman Ahmed Akbar Sobhan said that 70 per cent of the total 3,000 shops had already been sold out.

The total project cost will be managed by selling space of the complex - Bashundhara City - and the company won't borrow any money from banks," said the chairman, adding that the construction of the complex would be completed by December 2000.

The company offers long-term installment facilities to its clients and is providing a special 25 per cent discount offer on prices till January 31, he said.

A multi-screen theatre complex with a capacity of 200 seats will also be there for screening world class cinemas.

The Bashundhara City will have a Theme Park - the country's largest family entertainment centre with latest simulators, video games, theme rides, adventure play ground and a fitness centre comprising health club, swimming pool and bath houses.

Vistaara Architects (Pvt) Ltd., a local firm, in collaboration with Arun Chaiseri (ACS) Consulting Engineers Co Ltd. and Environmental Engineering Consulting (EEC) Co Ltd. of Thailand will implement the project while Intacts Design Co Ltd. of Thailand will provide interior design services and space planning, design concepts for materials and colour schemes and specifications, furniture planning, hi-tech lighting and lighting fixtures.

The press conference was attended, among others, by vice-chairman Sadat Sobhan, directors Abu Sufian and Naseer Ahmed, executive director A R Rashidi, Mustapha Khalid of Vistaara Architects, project director Abhi Ganta Phand, project manager Piyat Chaiacri, and Mustafa Kamal Mohiuddin of Progressive Marketing Ltd.



Apple fans try out iMac computers sporting four new colours Tuesday at the beginning of the MacWorld exposition in San Francisco. The iMac is now available in red, orange, purple, and green as well as its original colour, teal. — UNB/AP photo

India's duty hike on gold imports face criticism

DUBAI, Jan 6: India's decision this week to hike customs duties on gold imports by 60 per cent was described yesterday as a step 'backwards' by the regional head of the World Gold Council in the Gulf, reports AFP.

The Indian government said the increase was aimed at curbing gold imports, raising the country's foreign exchange reserves and increasing revenue by a projected 60 million dollars.

But "the logic behind the projections of higher customs collections after the hike is suspected," said Dubai-based Rolf Schenebehl.

Indian consumers will now

pay a 9.5 per cent premium over the international price, compared to 6.5 per cent before, he said.

This will drive the Indian gold industry underground since it makes it "once again profitable to use unofficial channels to import gold into India," the regional chief said.

The government stands to lose out on taxes... if the gold business once again goes underground," he said.

A decade ago, almost all gold imports were smuggled into India but in 1989 the government relaxed controls on buying, selling and stockpiling.

In 1992, it introduced further deregulation by allowing

Indians returning from abroad to bring in five kilogrammes (11 pounds) of gold, a figure that has since been doubled.

In October 1997, import licences were scrapped and, for the first time, a group of state-run agencies and banks were allowed to make unlimited gold imports.

India accounts for at least 80 per cent of Dubai's redistribution market and in September the emirate's monthly gold imports fell below the 20-tonne mark for the first time.

They effectively removed the need to use Dubai, which is home to nearly 200,000 Indian expatriates, as an intermediary in the supply of gold to India.

BOESL declares 10 pc dividend

The 14th annual general meeting of Bangladesh Overseas Employment and Services Ltd (BOESL), a government-owned company, was held in city recently, says press release.

Muhammad Ahsan Ali Sarkar, Secretary of the Ministry of Labour and Employment, and chairman of the Board of Director of BOESL, presided over the meeting.

The audited accounts of the company's income and expenditure for the fiscal 1997-1998 and its activities during the period were placed in the meeting.

In view of the profit during the year under review, the Board of Directors declared a 10 per cent dividend for the government.

It may be mentioned that the government has not paid any subsidy to this organisation since its inception in 1984. The organisation paid a total amount of Tk 77,66,981 till 1997-1998 as dividend to the government.

In addition, the amount of income tax paid to the government till the last financial year since its creation was above Tk four crore.

Govt to build 6 shrimp processing centres in Khulna

KHULNA, Jan 6: The government has undertaken a programme to build six shrimp processing centres in Khulna and Bagerhat districts, costing Tk 8.45 crore, during the current fiscal year, reports UNB.

The centres will be built at Rayernahal in the town and Hatbari in Battaghata thana of Khulna and Gorbodia in sadar thana, Faltita in Fakirhat, Kalmari in Mongla and Foyla in Rampal thana of Bagerhat district.

Fisheries Department sources said works on the project will be started soon and are expected to be completed by the end of the current fiscal year.

With the completion of the project the modernised shrimp processing system will of international standard, it added.

Cambridge Varsity worth over \$3b

LONDON, Jan 6: Cambridge University, one of the oldest and most prestigious in Britain, has a fortune of two billion pounds (3.3 billion dollars), 2.3 billion euros, according to figures published yesterday, reports AFP.

It is the first time in its 800-year history that the wealth of the institution has reached such a height, far ahead of its rival Oxford.

The university's worth was valued at 1.049 billion pounds last year. It is made up principally of property - the sumptuous buildings used for classes - and an investment portfolio of 541.6 million pounds fed by endowments from former students and benefactors.

The Cambridge colleges, for their part, have private assets of at least one billion pounds.

None of this includes several artistic masterpieces, including a titan, which are "priceless," according to the university.

US remittances to Cuba set to increase

HAVANA, Jan 6: US remittances to Cuba, already one of the country's major sources of foreign exchange, are set to increase with Washington's move yesterday to allow all US citizens, not just relatives, to send money here, reports AFP.

Remittances totalled more than one billion dollars last year, according to foreign economic observers - coming in a close second to Cuba's "economic engine," tourism, which earned 1.8 billion dollars.

The White House Tuesday announced a series of measures easing US restrictions on the communist island without ending its four-decade long economic blockade.

These steps are designed to help the Cuban people without strengthening the Cuban government," President Bill Clinton said in a statement.

US citizens may now send up to 1,200 dollars a year to friends and relatives in Cuba, a provision previously reserved only for Americans with family on the island.

Until now, Cuba has not taxed any of these remittances, sent mainly by an estimated one million Cubans and their US-born children living in Florida.

A foreign ministry spokesman refused to comment on the changes, "we have only seen press reports on this subject... so for now we do not have any reactions," said spokesman Alejandro Gonzalez.

Thousands of families here depend on the remittances, which give them the means to buy food and medicine on the local black market.

Despite recent market reforms, Cuba's economic growth

has been declining 7.8 per cent in 1996, 2.5 per cent in 1997 and a bare one per cent expected for 1998.

Thanks to a network of state-run foreign exchange booths, the remittances will have a positive economic impact on the country which is also reeling from a drop in world prices of sugar and copper.

On the other hand the Clinton administration's offer to allow the sale of food and agricultural products to non-governmental groups and small businesses could be seen by Havana as provocative policies.

The offer seems to unfairly favour the private sector and a developing middle class and could be interpreted as destabilising Cuba's communist economic parameters.



The new committee members of the Metropolitan Chamber of Commerce and Industry, Dhaka (MCCI), led by its President Mahbub Jamil met Finance Minister Shah A M S Kibria at his office yesterday. —MCCI photo

Euro project failure may take its global toll

NEW YORK, Jan 6: As Europe heralds the birth of its new currency, advocates are hoping that the prosperity it could unleash on the continent will also spread to the United States and other parts of the globe, reports AP.

But should the ambitious project falter, critics warn, the damage would spread just as easily beyond Europe's borders.

If the euro strengthens too much against the dollar, it could lure global investors away from US financial markets and force interest rates higher in America. If the euro weakens sharply against the dollar, it could hurt US exporters who would have to compete with cheaper goods from European rivals.

Worst of all would be if the whole euro system itself runs into trouble. If certain Euro-

pean countries can't abide by the economic rules they've set for membership in the currency club, they might be forced to pull out of the system, which could lead to financial turmoil in Europe, and exacerbate the continent's protracted unemployment problem.

US government officials have long supported the euro endeavour. President Clinton issued a statement welcoming the euro's debut Monday, saying "a strong and stable Europe, with open markets and robust growth, is good for America and for the world."

Having just one currency to deal with instead of 11 could make it much easier for US companies to sell products to Europe's 290 million consumers. And if the euro has the hoped-for effect of boosting economic growth, those con-

sumers will be even more likely to buy US goods. The more the euro rises against the dollar, the more affordable American-made products would be for Europeans.

"This is a great market opportunity, especially for smaller companies who have fewer currencies to deal with," said Wolf Brueckmann, who handles European affairs for the US Chamber of Commerce in Washington. "European consumers will be easily able to compare prices, and this will help US companies that are competitive."

On the other hand, some economists worry that if the euro is strong over the long term, it could begin to challenge the US dollar's position as the world's most widely accepted currency.

The dollar's unchallenged

dominance as the global reserve currency has had great benefits for the United States, especially in the US government bond market. Huge inflows of money from foreign investors who have no better place to park their dollars have kept bond prices high and interest rates low, keeping borrowing costs low for the US government as well as homeowners and car buyers.

But if those international investors had other places to put their money, such as a strong European bond market, some say it could erode the value of US Treasury bonds, pushing up interest rates in America.

"I believe the euro is going to be a rival to the dollar," said Clyde Prestowitz, president of the Economic Strategy Institute, a public policy research

institute. "It is likely to raise interest rates in the US and could result in a somewhat weaker dollar."

Others, however, are doubtful that the mighty US dollar could be unseated anytime soon as king of the global currencies. During the 1980s, some feared that the new economic dominance of Japan would help push that nation's currency, the yen, to a new status as a global reserve currency. But that never came to pass.

"At this early juncture, it's a little bit naive to believe that they've got a super-currency, a dollar-killer," said David DeRosa, a former currency trader who now teaches international finance at the Yale School of Management.

Of far greater concern, DeRosa says, is the possibility that internal economic prob-

lems in Europe might lead to a complete or partial breakdown of the currency union.

Possible culprits could include severe regional recessions in one or two countries which could tempt governments to ratchet up spending in an effort to create jobs. But excessive deficit spending is prohibited under the fiscal austerity treaty that the 11 countries signed in order to keep the currency stable.

"If the currency project ever breaks up, I look for a meltdown in the European bond market and much higher interest rates in southern Europe. That could bring on a recession there and then our export industries could get hit," he said.

"We should wish our friends in Europe all the best, but this euphoria over the euro is unwarranted because the project has definite risk to it," he said.

Jute embezzlement Three purchasing employees face suspension

KISHOREGANJ, Jan 6: Three employees of a jute purchasing centre here have been suspended on charge of embezzling jute worth Tk 14.79 lakh in 1995-96 season, reports UNB.

District Anti-Corruption Bureau has filed a case against them on December 31 charging them of grabbing 1,237 quintal jute of the centre of Bangladesh Jute Mills from July 1995 to June 1996.

The accused are assistant Jute Officer S M Noor Hossain, Tally Clerk Mohammod Abdul Hye Miah and Koyal Bazur Rahman.

Officials said the centre collected 15,303 quintal jute during the period, but the accused men supplied 14,066 quintal to the mill authorities.