The Daily Star
BUSINESS
DHAKA, TUESDAY, MARCH 2, 1999

Bangladesh will have Japan's food processing plant

Akebono Company Ltd, one of the leading food processing companies in Japan, has decided to relocate one of its plants to Bangladesh, says UNB.

Mikio Uekusa, President of Akebono, conveyed the decision yesterday at a meeting with Executive Chairman of the Board of Investment Zahid Hossain.

Uekusa is now leading a three-member Japanese delegation to Bangladesh.

"The delegation apprised that they would bring to Bangladesh high yielding and high quality sweet potato and bean seeds, some of which would be used in their plant for producing export quality sweet potato and beans for export to Japan.

They would also train up some Bangladeshi young people in their plant and these people would, on completion of their training, be engaged in producing quality agro-products using Japanese high yielding and high quality seeds to be brought from Japan.

Welcoming the Japanese delegation, BOI Executive Chairman explained in detail the excellent investment opportunities available in Bangladesh for the foreign investors, especially in the agro-based and agro-processing industries sector.

The leader of the Japanese delegation expressed deep satisfaction at the investment friendly environment in Bangladesh and the different reforms and initiatives undertaken by the government to speed up industrialisation in the country.

Sabena takes Airbus A321 delivery

Sabena Belgian World Airlines has taken delivery of its first Airbus Industrie single aisle aircraft.

The A321 aircraft, was delivered from the Airbus Industrie delivery centre in Hamburg-Finkenwerder, Germany, says a press release issued yesterday.

The Brussels-based carrier has 26 A319s, five A320s and three A321s on firm order, totalling 34 Airbus Industrie single-aisle aircraft, the biggest aircraft order in Sabena's history.

Sabena will present the new aircraft to the public at their Brussels base today.

The A320 family aircraft for Sabena will be powered by CFM56 engines from CFM International. The Sabena single-aisle aircraft from Airbus are fitted with convertible seats, allowing flexible cabin layouts, so the number of seats in Business and Economy Class can be adjusted depending on demand.

The Belgian airline can cover the market segment of 132 to 188 seats with the A319s, A320s and A321s in a single-class layout.

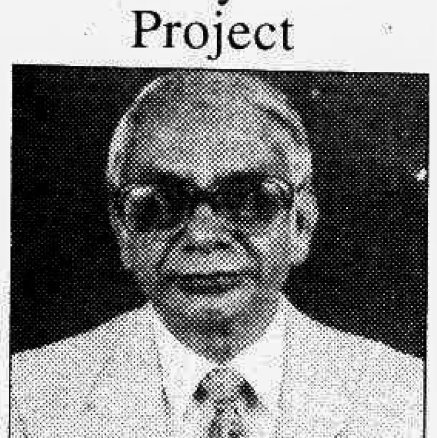
Sabena will deploy the A320 Family aircraft on its European routes, with the first aircraft operating initial flights from its Brussels hub to Malaga and Madrid.

Micro Export's recruiting licence cancelled

The government has cancelled the recruiting licence of M/s Micro Export House, reports UNB.

The government also confiscated the security money of the agency under article 14 of Immigration Ordinance of 1982, said a PID handout yesterday.

New GM of JMB Railway Link Project



Md Rezaul Karim Khan is the new General Manager of Jamuna Bridge Railway Link Project of Bangladesh Railway.

He joined his new position on January 28, says a press release.

Prior to joining as General Manager of Jamuna Bridge Railway Link Project, he was working as Inspector of Bangladesh Railway under the Roads and Railway Division.

A member of BCS Railway (Engineering) Cadre, Khan served as an Assistant Engineer under Chittagong Development Authority for about one year.

Then he joined in Pakistan Eastern Railway in 1967 as an Assistant Engineer.

In Bangladesh Railway, he held many important positions.

From 1982 to 1986, he worked on deputation in Iraq as a Civil Engineer under the Ministry of Oil and as Structural Engineer (quality control) under the New Railways Implementation Authority of the Ministry of Transport and Communication.

BGMEA polls: Sammilita Parishad projection meet held

Quddus for winning 5-10pc of Japan market in 2 years

Star Business Report

Mustafa Golam Quddus, leader of the Sammillita Parishad contesting the upcoming BGMEA polls, yesterday said that Bangladesh should work towards capturing at least 5 to 10 per cent of the US $54 billion Japanese garments market within the next two years.

Garments export will increase by $2 billion if Bangladesh becomes successful in winning the Japanese market share, he said.

He claimed that the BGMEA had been working for access to the Japanese and other foreign markets for the last two years.

"We have asked the US for raising quota by 30 per cent and are expecting a positive response within the next two years," Quddus told a group of reporters at his panel's projection meeting ahead of the BGMEA elections scheduled for March 4.

He also said that Bangladesh was loosing its market to the Southeast Asian countries. "We have already lost three per cent of our market to these nations. Taka should be devalued matching other regional currencies if we want to remain competitive."

Quddus pledged to work for the expansion of Bangladesh's garments market abroad if he wins the election. "We would have representatives in the US, Canada, Japan and the Middle East. They would work jointly with our foreign missions abroad to create new markets for our product."

He said that the upcoming voting would elect an Executive Committee for the next two-year term. "Its my belief that the Sammillita Parishad would be chosen by garments owners to make the dream of a BGMEA Complex come true."

The complex, he said, would have a five-star hotel, show room for garments owners, a permanent convention centre and a shopping mall.

4-day Bangladesh-Japan course on garments opens

Appropriate development of human resources stressed

Chamber leaders and academics at a function here yesterday emphasised the need for appropriate development of human resources and proper application of technology to face the challenges of the competitive world in the next millennium, reports BSS.

"Competition, efficiency, quality of product and negotiating strength will be the key factors to maximise our gains in trade and economic fields," they told the opening function of a four-day Bangladesh-Japan training course on management of production in garments factory at a city hotel.

Association for Overseas Technical Scholarship (AOTS), Japan organised the training course in joint collaboration with Juki, Japan, Juki Singapore, Juki Bangladesh and Bangladesh AOTS Alumni Society (BAAS).

Dhaka Chamber of Commerce and Industry (DCCI) President M H Rahman attended the inaugural ceremony as chief guest while it was also addressed, among others, by AOTS representative in Bangladesh Dr A K M Moazzem Hussain, Juki Japan representative N Saito, Juki Bangladesh Chairman M Zakaria Bhuiyan and BAAS President A R S Anwarul Huq.

Two Japanese experts on garments Hiroyasu Asai and Yasuhiko Hayashi are conducting the course, being participated by about 60 management personnel representing various garment industries.

DCCI President M H Rahman laid emphasis on management efficiently in garments to achieve greater market share and profitability. He said the contribution of garments and knitwear to our total export earning was 76 per cent during the first six months of the current financial year.

Rahman said after 2005 this sector was going to face new challenges when there would be no quota system and other facilities in a totally-integrated market under the World Trade Organisation (WTO) at the expiry of the agreement on textile and clothing.

Indian minister urges industrialists

Don't demand protection, compete with foreigners

NEW DELHI, Mar 1: Indian industrialists should compete with foreign manufacturers instead of demanding protection from the government through high customs duties, Finance Minister Yashwant Sinha said Monday, reports AP.

Speaking to industrialists two days after presenting the country's budget for the financial year that ends this month, Sinha said raising tariff walls would not help Indian industrialists to survive.

"There must come a day when customs and excise are not looked at as convenient tools to make industry survive," he said, referring to frequent demands by businesses to raise customs tariffs when faced with competition from abroad.

Sinha said he had begun the second wave of economic changes — first started in 1991 by the then prime minister, P V Narasimha Rao — by substituting several rates of excise duties with three rates.

Sinha sought the help of industrialists to help the government stimulate economic growth by improving the quality of lives of the people, most of whom live in villages.

"Become proactive. Let us take it as our common goal to improve the lives of the people in rural areas," he said. The government has set aside billions of rupees for increasing literacy and improving infrastructure in the rural areas.

In an attempt to revive centuries-old village-level administrative institutions, Sinha in his budget offered more powers to them to build roads, schools and hospitals. "We must empower those people. These are decisions that must not be made in Delhi. Why should we decide that the need of a village is a road or a school or something else?"

Referring to the rising fiscal deficit, Sinha said it was unsustainable and must be brought down.

"We cannot as a nation go on living on borrowed funds."

Sinha's budget set a target to reduce India's fiscal deficit from the current 6.5 per cent to 4 per cent of the gross domestic product in the next financial year by increasing corporate taxes, hiking some import duties and speeding up the process of privatising state-run companies. Sinha said he wants to cut the fiscal deficit to zero within four years.

Gas Fields Co earnings up by Tk 22cr

Bangladesh Gas Fields Company Ltd, a unit of Petrobangla, earned Tk 870.60 crore in 1997-98 financial year, reports APB.

The earnings, Tk 21.81 crore more than the previous year's, were fetched though selling of gas and petroleum products.

Of the amount, Tk 801.45 crore was paid to the government as VAT, taxes and dividends.

This was stated at the 43rd AGM of the company held here on Sunday, a press release said yesterday.

Chairman of Petrobangla Mosharraf Hossain presided over the AGM.

It earned a pre-tax profit of Tk 82.05 crore and a net profit of Tk 49.23 crore during the period.

Seven out of eight gas fields under the company are producing 600 million cubic feet of gas and 560 barrels of condensate daily. Those are Titas, Habiganj, Bakhrabad, Feni, Narsingdi, Meghna and Shaldanadi gas fields.

Yusuf Abdullah Harun, Director of IDCOL (right), and Richard Gledhill, Managing Director of PricewaterhouseCoopers Securities LLC, USA, shakes hands after signing an agreement. PricewaterhouseCoopers would work as an investment advisor to IDCOL for 3 years.
(Story on page 11) —IDCOL photo

PHUNG HIEP (Vietnam): A boy holds a basket full of breads on his head as he looks for clients at a market in Phung Hiep, southern province of Can Tho Saturday. Rice is the daily basic food for Vietnamese but one can see breads on sale at almost every rural markets in Southern provinces. —AFP photo

Malaysians shrug off capital controls

KUALA LUMPUR, Mar 1: Six months after drastic capital controls were imposed to insulate the Malaysian economy from external turbulence, life has changed little for most of the country's 22 million people, reports AFP.

The curbs, which include a fixed exchange rate, have been a reprieve to Malaysian students pursuing higher education abroad and importers pressured by the dwindling value of the ringgit.

But ordinary people are largely indifferent to the measures.

"What capital controls? That does not concern me. Vegetable prices still remain the same," said a market vendor in Kuala Lumpur.

Mohamad Iqbal, a money changer in the city's shopping belt, said there was no noticeable change in his business.

"There was a shortage of the US dollar at the initial tages when they pegged the ringgit. But now, the water has found its own level," he said.

"The controls have virtually no repercussion on my business."

Housewife Anne Choy said she did not fully understand the new measures, but was happy that the ringgit had stopped falling, allowing her to plan her family's annual holiday abroad without worrying about exchange rates.

Another housewife, Lourdes Mary, was impassive about the controls, but said she prays the economy will pick up so her two retrenched children can find jobs.

The controls were introduced in September last year, after Malaysia plunged into its first recession in 13 years.

The ringgit was fixed at 3.80 to the dollar and made non-convertible abroad. Malaysia also capped the amount of money its nationals can take out of the country — not more than 1,000 ringgit and foreign currency equivalent to 10,000 ringgit.

All residents and foreign tourists are now required to fill in a currency declaration forms upon arrival and departure.

Travel agent Lena Yee said some of her corporate clients were earlier perturbed about making financial arrangements before leaving Malaysia, but most had adjusted to the new system.

To circumvent controls on outgoing cash, many simply use credit cards.

Deputy Education Minister Fong Chan Onn said the controls had greatly eased the burden on Malaysians studying abroad following a period when many were unable to pay fees due to a sharp depreciation in the currency.

"There may be a little bit of imposition on funds outflow, but we are very liberal as long as they show the necessary documents," he told AFP.

In an interview, Fong said the country's economic slump had forced the government to pull back on educational loans and grants, and focus instead on expanding the local education sector.

"We used to sponsor some 10,000 students to go abroad annually before the currency crisis but now, we only send about 1,000 students," he said.

In return, the government opened its door to let foreign universities set up branch campuses here — Australia's Monash University became the first with its Kuala Lumpur campus taking in July last year.

Another Australian university, Curtin, followed suit with a campus in eastern Sarawak state, which is to begin soon. Britain's University of Nottingham also has plans to set up shop.

Student Peter Lim, who is in his final year in Xiamen University in China, said he faced no problem with the new controls on the amount of money that can be taken out of Malaysia.

Americans told to get ready for some Y2K glitches

WASHINGTON, Mar 1: Americans can expect some power outages and should worry about their medical records, but disruptions from the Year 2000 computer glitch probably are manageable, two senators investigating the problem say, reports AP.

"We will probably not know until we go through it," Sen. Robert Bennett, a Utah Republican, said Sunday.

At issue is what will happen on Jan. 1, 2000, when older computer systems misread the year 2000 as 1900.

"We will probably not have meltdown. This will not be the end of the world as we know it, the way some Web sites are predicting," Bennett said.

Bennett and Sen. Christopher Dodd, a Connecticut Democrat, who appeared together on CBS' "Face the Nation," plan to issue a report on possible ramifications from the Y2K computer problem.

A draft version of the report concludes that aviation airways will be safe, nuclear weapons will stay in their silos and most power grids will work.

But the lawmakers also pointed to major problems in foreign countries, notably Russia. In the United States, they said, there could be minor disruptions in food and energy supplies, health care and financial services.

"What you ought to do is prepare for a good storm, a hurricane, a storm where you'd like two or three days of ... water and canned goods and the like," Dodd said. People should not withdraw money from banks, he said, but they might want to save their financial statements.

One are of concern, Dodd said, is that some 90 per cent of the nations 800,000 doctors' offices are not prepared for the millennium bug, possibly resulting in temporary loss of medical records.

Richer hospitals will be prepared, but "we are very, very worried" about what could happen in urban or rural hospitals not moving quickly enough to fix equipment such as dialysis or heart monitoring machines, Dodd said.

Bennet said most US power grids will be fine, and "at worst we're going to have some brownouts" in rural areas.

Edward Yardeni, chief economist for Deutsche Bank Securities, who also appeared on CBS, said he was in a minority of economists who believe the computer problem could cause a global recession with the breakdown of inventory control systems.

Bennett noted that one effect would be "a flight to quality," in which people take money out of countries where they fear an "infrastructure meltdown." One impact may be that the rich get richer and the poor get poorer, he said.

The Utah senator said an accidental nuclear launch was "very, very unlikely." More probable, he said, was that "if somebody were to press the button to cause an intercontinental missile to go off, it wouldn't work."

The Senate report details possible problems with Russia's early warning system for incoming missiles.

IMF raises quota subscription for Lanka

COLOMBO, Mar 1: The International Monetary Fund (IMF) has increased Sri Lanka's quota subscription from 303.6 million special drawing rights (SDR, about 412.4 million US dollars) to SDR 413.4 million (560 million dollars) as part of the overall strategy of increasing its members' quotas, said an IMF release available yesterday, reports Xinhua.

The IMF's Executive Board passed a resolution proposing a 45 per cent increase in the total IMF quotas to SDR 212 billion (about 288 billion US dollars) from SDR 146 billion (about 199 billion dollars), said the release.

Analysts here said the overall quota increase reflects the changes since the last quota increase in 1990 in the size of the world economy the scale of potential payments imbalances, and the rapid globalisation and liberalisation of trade and payments, including the capital account.

Members' quota subscriptions constitute the largest source of money at the IMF's disposal.

Saudi riyal not in danger of devaluation: Analysts

DUBAI, Mar 1: The Saudi Arabian riyal, under the gun from slumping oil prices, is not in any immediate danger of devaluation despite reports of central bank intervention in the market, dealers and analysts said yesterday, reports Reuters.

"I'm not expecting any more intervention activity for the time being and certainly not today," one Riyadh-based dealer told Reuters.

"There is no sign of devaluation on the horizon and I don't see any reason why they (the central bank) would default in the near future," he added.

The kingdom, which draws around three-quarters of its revenues from oil, has seen its economy hit hard by the decline in world oil prices over the past year.

The Financial Times reported on Friday that this had resulted in a spate of heavy intervention by the Saudi Arabian Monetary Agency (SAMA) or central bank in the currency markets on Thursday, with pressure mounting on the riyal.

But dealers said although there had been sings of some intervention in the market last week, activity had now returned to normal.

"It looks like the central bank has everything under control and trading is as normal today," another dealer said.

The riyal normally trades in a harrow band around its peg of 3.7500 to the dollar. The dollar is the medium for pricing oil and so accounts for most Saudi exports. The kingdom is by far the worlds largest oil producer and exporter.

By 1145 GMT the riyal was quoted at 3.7505/15 to the dollar. SAMA on Saturday denied reports it had been forced to intervene to defend the currency against speculators.

The central bank said it had not intervened and had no intention of changing the riyal's exchange rate.

"The statement from SAMA saying that they did not see any reason why they should devalue the currency was very for a right and I firmly believe that the Saudi riyal will maintain its parity, said Badar Kazmi, regional head of treasury at Standard Chartered in Dubai.

Last August the riyal came under attack from foreign based speculators who were betting on a devaluation as oil prices slumped.

Government sources said SAMA pumped 750 million dollars into the market to shield the riyal on that occasion.

The Saudi government traditionally defends its currency through intervention rather than by increasing interest rates, Saudi Arabia last devalued its currency in 1986.

Diplomats in Riyadh have estimated that the Saudi government would spend up to 20 billion dollars defending the riyal if necessary.

Asked whether he envisaged any more central bank intervention in the near future, Kazmi said some activity was always part of a regular monetary and exchange policy.