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The Daily Star BUSINESS

DHAKA, MONDAY, OCTOBER 11, 1999

Lanka to open insurance to foreigners

COLOMBO, Oct 10: The Sri Lankan government will open to foreigners its insurance industry next year, according to media sources today, reports Xinhua.

The sources said the insurance industry will be opened to foreigners in the first quarter of next year with the new insurance bill to be passed in parliament soon.

The parliament is expected to take up the much awaited draft insurance bill in December this year or January next year, a top government official told the sources Saturday.

The Sri Lankan government will permit foreign ownership upto 49 per cent in insurance companies under the new bill, the official was quoted as saying.

Sri Lanka has been carrying out its opening economic policy since 1978, but the insurance industry till now is closed to foreigners.

First commercial satellite launched from floating ocean platform

LONG BEACH, Oct 10: The first commercial satellite was launched Saturday from a floating ocean platform in the Pacific, says AP.

The rocket, carrying a satellite for DirecTV, the United States largest satellite television service, roared off floating platform on the equator at 8:28 pm PDT (0328 GMT).

It was the first commercial liftoff for the Sea Launch Co. system, an international consortium led by Boeing Co. The venture was sponsored by the United States, Russia, Ukraine and Norway.

The 7,600-pound (3,450 kg) DirecTV 1-R satellite was headed for geosynchronous orbit, one that keeps it over the same place on Earth.

The launch pad is a self-propelled, converted oil drilling platform that is accompanied by a support ship. Because the Earth spins faster at the equator, rockets launched there have an advantage in reaching orbit with heavier payloads.

The DirecTV 1-R satellite was built by Hughes Space and Communications to provide increased capacity and redundancy for the subscription entertainment service.

The new satellite was expected to provide long-term uninterrupted service and bring in new revenues for DirecTV, the company said.

DirecTV and HSC are both units of Hughes Electronics Corp. which is itself a unit of General Motors Corp.

Sea Launch has orders for 19 more launches between 2001 and 2003.

The company's partners are Boeing Commercial Space Co. of Kent, Washington, Norwegian ship builder Kvaerner Maritime, Russia's RSC Energia, and Ukrainian rocket maker KB Yuzhnoye /PO Yuzhnoye.

The Ukrainian company provides the first two stages of the rocket. The Russian company builds the upper stage. Boeing performs the spacecraft integration and supplies the payload fairings.

For launch, the platform partially submerges to increase stability. The rocket is then moved out of a hangar and raised to an upright position. The rocket is fueled with kerosene and liquid oxygen in an automated process and the launch is conducted by remote control from the ship, stationed three miles (five kilometers) away.

The US State Department suspended the project last year to investigate whether Boeing transferred sensitive technical information to its Russian and Ukrainian partners.

Investigators found that no sensitive data was transferred, but ordered Boeing to pay a \$10 million penalty for exchanging information without first getting federal clearance.

Vietnam's rice exports to exceed 4.2m tonnes in '99

HANOI, Oct 10: Vietnam expects to export more than 4.2 million tonnes of rice in 1999 thanks to a bumper crop, according to a press report today.

Exports of rice, Vietnam's top agricultural export, will be 400,000 to 500,000 tonnes greater than 1998, when shipments reached about 3.8 million tonnes, according to official projections cited by the Hanoi Moi newspaper.

Overall rice production in 1999 is expected to reach 32.79 million tonnes, a 2.94 per cent increase over 1998, the report said.

According to the latest figures from the General Department of Statistics, Vietnam exported 3,823 million tonnes in the nine months ended September, a 22.4 per cent increase over the year-earlier period.

Rice is Vietnam's top agricultural export earner, and ranked number four overall, after footwear, textiles and garments, and crude oil.

It will be gateway to Mayanm, northeastern Indian states' PM inaugurates 2nd pvt EPZ

By M Shamsur Rahman, back from Rangunia

The country's second private sector Export Processing Zone (EPZ) was inaugurated yesterday at Rangunia, 30 kilometers from the port city of Chittagong, with a view to establishing high-tech and agro-based industries.

Prime Minister Sheikh Hasina laid the foundation stone of the Rangunia EPZ with a call to both foreign and local entrepreneurs to take advantage of the country's geographical location and incentives offered by the government.

She also handed over the letters of consent to 13 entrepreneurs for setting up industries in the EPZ.

The EPZ, situated on 171 acres of land, will be extended to over 1000 acres on the northern side of the Karnaphuli river in three phases. It will need US\$ 40 million to complete the project.

The EPZ sponsors expect to attract US\$ 500 million investments and generate 50,000

direct and 120,000 indirect jobs.

The EPZ will accommodate 80 small and medium-sized industries and 20 large-scale units with top priority given to environment-friendly backward-linkage industries.

Besides, special consideration will be given to high-tech and agro-based industries.

Hasina said that she was happy to learn that an independent earth station with fibre optic network will be set up at the EPZ to transmit software programmes and data through satellite.

The zone close to the cultivable land of the Chittagong Hill Tracts will enable entrepreneurs to set up export-oriented fruit processing industries," Hasina said.

She also said that the new EPZ has comparative advantages due to its geographical location. "It will act as the gateway to Mayanm which has a

40 million population and the north-eastern Indian states having a population of 250 million. It will also be an alternative door to one of the biggest markets in the world — China."

These will provide the entrepreneurs in the zone with an added advantage," Hasina said.

She appealed to the investors to take the special incentives offered by the private EPZ. "We will extend all possible assistance to you. But it is up to you to prove it a success. If you can contribute to the nation, the government will extend all out-support to you."

She called upon the entrepreneurs to keep reserve quotas for the people of the region.

"Following the peace treaty, the people of this region have got the opportunity to work for the first time and I request you to reserve some quotas for them," the prime minister said.

She also called upon the entrepreneurs not to spoil the

beauty of the area in the name of industrialisation.

"My country is one of the most beautiful places in the world. Please, do not spoil the beauty of my country in the name of industrialisation."

"Some people are engaged in leveling hills to make houses. I urge you to take special care of the natural beauty," she said.

Commerce and Industries Minister Tofail Ahmed, speaking on the occasion, lauded the sponsors of the EPZ for focusing Information Technology. He said that the IT industry would play a key role in the next millennium.

Engineer Moshirraff Hossain, Minister for Works, Housing and Civil Aviation, also spoke on the occasion.

Managing Director of Chittagong Industrial Park, which owns the Rangunia EPZ, A Qayum Chowdhury thanked the government for its continued support for the project.



Roger C Beach, Chairman of the Board and CEO of Unocal Bangladesh Ltd., is cordially received by Hide Ishiyama, Director (Sales and Marketing) of the Pan Pacific Sonargaon Hotel, upon his arrival at the hotel on Saturday. He is on a three-day official visit to Bangladesh and heading a three-member delegation from USA. — Sonargaon Hotel photo

AmCham luncheon meeting told

Currency devaluation not enough to boost exports

Star Business Report

A leading economist and a top readymade garments (RMG) exporter yesterday agreed that devaluation alone is not enough to jack up exports. There are many other areas like infrastructure and governance which should be streamlined to boost the country's competitiveness.

"Devaluation can help us, but there are many more factors which impede our exports such as a troubled port, law and order situation, hartals and poor infrastructures," said Anisur Rahman Sinha, President of Bangladesh Garment Manufacturers and Exporters Association (BGMEA) at the weekly luncheon meeting of the American Chamber of Commerce in Bangladesh (AmCham) yesterday.

"We may have a handsome devaluation. But when the port remains closed for days together, how can we raise our exports. These are the areas where government action can make us competitive."

The topic of the luncheon meeting held at a local hotel was export prospects.

Supporting Sinha's observation, Executive Director of the Centre for Policy Dialogue (CPD) Dr Debapriya Bhattacharya said governance and policy failures have often been compensated with devaluation since it is easier for governments to respond to export issues by price-related mechanisms.

He also said that the integration of regional markets was also important to boost exports.

"Having a competitive ex-

change rate is good. But the central bank has to decide rates without bending to politics and social lobbying. Look at the kerb market and you will find that there are occasions when open market rates of dollar were lower than bank offered rates," said Dr Bhattacharya.

Anisur Rahman Sinha said that the success of RMG sector had fuelled the growth of many more linkage services and industries in the country.

"But our growth last year was very negligible. We are now standing at the crossroads as the year 2000 approaches. We are not sure what is the future of our RMG sector after the time frame since we do not have the fabric industries. We would need sufficient government support to fight our competitors in the globalised trade regime."

Sinha said that the buyers' demand for good code of conduct in workplaces, health, safety and human right issues should be addressed adequately.

"International business has to be done according to international code of conduct. We have asked our members to shift their factories outside Dhaka and maintain human rights standards. But it can not be done overnight. We have already received 70 acres of land at Savar and another 200 acres will be made available soon. This will help us shift about 500 factories, which meet international business practices, from the city."

"If our product base is narrow, we will be susceptible to fall in unit price of any major item. Market has to be diversified for the same reason. We have to focus more on the Southeast and South Asian markets."

Sinha said BGMEA's design institute will start functioning from January, 2000. This will offer two-year degrees and six-month diplomas.

"To what extent South Asia will attract foreign investment will depend on market integration," Dr Bhattacharya said.

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"Having a competitive ex-

Emirates flights to Sydney from March

Emirates will commence a new service to Sydney from March 26, 2000.

The airline will fly four times a week between Dubai and Sydney via Singapore.

Emirates' Sydney flights are in addition to the airline's daily operations between Dubai and Melbourne, says a press release.

The new Sydney service will give Emirates' passengers the added convenience of selecting their ports of entry and exit in Australia, reducing the number of connections required and the overall flying times.

Sheikh Ahmed bin Saeed Al Maktoum, Emirates' Chairman, said: "Since Emirates commenced services to Melbourne three years ago, we have witnessed tremendous growth in traffic between Dubai and Australia. We are grateful that the Australian government has given us the rights to operate to more points in Australia. Sydney is a key destination for travellers from the Gulf destination. Emirates is confident that the new service to Sydney from March 2000 will result in incremental traffic between Dubai and Australia."

Emirates will operate from Dubai to Sydney every Tuesday, Thursday, Saturday and Sunday with an Airbus A330-200 aircraft configured in three classes of 18 seats in First Class, 42 in Business and 183 in Economy. The aircraft can also carry 13 tonnes of cargo in addition to a full passenger load.

Return flights from Sydney will operate every Monday, Wednesday, Friday and Sunday, departing Sydney at 2015 and arriving in Singapore at 0230 the following days. The flights depart Singapore at 0340 and arrive in Dubai at 0645. All times given are local.

These new services will also provide additional non-stop flights between Dubai and Singapore, to which the airline now has 11 flights a week. Emirates has full traffic rights between Singapore and Sydney.

Japan holding back \$79m for Malaysia

KUALA LUMPUR, Oct 10: Japan is holding back educational funds totalling 302 million ringgit (79 million dollars) committed to Malaysia because of "technical reasons." Tokyo's envoy here was today quoted as saying, reports AFP.

Malaysia's officials

Bernama news agency quoted ambassador Hideki Harashima as saying the problems had to be sorted out before Tokyo could extend the loans under the "Look East Policy."

Harashima said various aspects had to be carefully studied and the loan would have to be disbursed according to priorities. He did not elaborate.

"I do hope this assistance will be utilised in the most effective ways," Harashima was quoted as saying by Bernama.

The Quek family's Hong

Leong Company (M) Bhd controls nine listed firms on the Kuala Lumpur Stock Exchange.

They include finance firms

Hong Leong Credit Bhd and HLG Capital Bhd, newspaper group Nanyang Press Holdings Bhd, manufacturing companies and those involved in making building products and property development.

An accountant by training, Azman, 60, is media-friendly and was even the host of a TV chat show at one time.

Always ready with an easy

smile, the bespectacled Azman was one of the earliest batch of ethnic Malay entrepreneurs who made good in the 1970s.

He was appointed head of the country's biggest bank, Malayan Banking, and was there for 10 years before borrowing money in 1982 to begin an aggressive expansion plan.

It was in 1982 that Azman bought Arab-Malaysian Development Bank from its Saudi owners. He kept the Arab-Malaysian name, as he thought it carried a sense of wealth, but made it into an investment bank, Arab-Malaysian Merchant Bank.

The group includes finance firm Arab-Malaysian Finance Bhd and Arab-Malaysian Merchant Bank, apart from interests in property, broadcasting and firm Rediffusion Bhd and manufacturing company South

Peninsular Industries Bhd.

The Arab-Malaysian group

is said to be keen on an anchor institution with Utama Banking Group Bhd of Sarawak.

If true the tie-up will give

Azman's group a solid footing in Borneo state. Apart from a commercial bank, Utama owns an investment bank, a finance company and a stockbroking unit.

If bankers want to know how difficult bank mergers can be ask Abdul Rashid 53.

His RHB Bank has been through the merger game twice.

It first merged with Kwon Yik Bank after buying it from Maybank and later took in the loss-making Sime Bank in the midst of Asia's Asian financial crisis.

The burly banker announced

the taking over of Sime Bank in

a 852 million ringgit (\$224 million) deal last April just months after completing the Kwon Yik takeover for 2.2 billion ringgit.

Asked in June after the completion of the Sime Bank deal whether he was taking over other banks, he said: "Never again."

Abdul Rashid, once dubbed "deal maker extraordinaire" by a local business magazine, is better known for making Rashid Hussain Securities, the nation's top stockbroker.