

Pakistan eyes 10-nation economic bloc

Habib Bank, three other units to be sold on stock market

ISLAMABAD, Dec 12: The Pakistan government, disappointed by its failure to find buyers for four state-owned financial institutions, might decide to sell them piecemeal on the stock market, Finance Minister Sartaj Aziz said, reports Reuters.

The government privatisation commission has been ordered to come up with a new plan this month for selling (Habib Bank Ltd), the largest commercial bank, a second commercial bank and two development institutions.

"The basic thing is that the bids that we received for the four financial units were not very encouraging," Aziz said in an interview. Two commercial banks have already been sold.

The sponsors of 10 new commercial banks sanctioned earlier this year were not allowed to bid, which left relatively few bidders with the financial clout to buy the banks, he said.

The government could readvertise for offers, but Aziz said the most likely course would be to sell a controlling interest in five or 10 percent tranches over six to nine

months.

In calendar 1990, Habib made pre-tax profits of 30 million US dollar and the second commercial bank (United Bank Ltd) 10.9 million.

But Pakistani banks have a large proportion of bad loans. Average loan recovery was only 41 percent in 1989, with United Bank the worst at 20 percent.

Aziz said he was happy with the rest of the government's privatisation programme which was launched after Prime Minister Nawaz Sharif took office 13 months ago.

Out of 100 industrial units put up for sale, the government has already sold 24 and Aziz said he expected to eventually dispose of 60 to 70 of the mostly loss-making firms.

Overall, the sales should bring the government about one billion dollar he said, as well as improving the fiscal budget by removing the firms' losses.

"So far the reaction of the private sector has been good. You can see it in the stock market."

The government this week

passed a decree giving legislative protection to its economic reforms and Aziz said it intended passing a constitutional amendment within two months to guarantee a future government could not reverse the process.

"But my feeling is that the best guarantee for these reforms is their success," he said. "If they are good for the country and the people, why should people want to reverse them?"

Another despatch adds: Pakistan sees a good chance that Central Asian nations emerging from the old Soviet Union could turn to their southern neighbours to form a 10-nation economic bloc. Finance Minister Sartaj Aziz said.

But the conflict in neighbouring Afghanistan must be settled before growing ties can be translated into trade along the highways linking the central Asia and Pakistan via Kabul.

Lacking direct ocean links, the central Asian republics will need an outlet to the sea and Karachi is one of the most obvious routes, Aziz said in an interview.

terview.

"If you look at it, Tashkent is closer to Islamabad than Islamabad is to Karachi," he said.

Pakistan, Iran and Turkey are already linked in the Economic Cooperation Organisation (ECO) and Islamabad is ready to widen that to include the six Muslim republics of Central Asia and a post-war Afghanistan.

"We have a very good possibility of creating this 10-nation trading bloc," Aziz said. "It depends on the political shape these countries take."

Pakistan has a government delegation now touring Central Asia and it expects the six republics' future relations with Moscow will be clarified within a month or two.

Aziz said Pakistani textile mill companies had already finalised deals to set up joint venture projects in Central Asia to process its large cotton crop.

Pakistan also sees itself as a major transshipment point for the region and source of badly-needed consumer goods and machinery.

Maxwell bugged his son!

LONDON, Dec 12: British media magnate Robert Maxwell bugged his son and second-in-command Kevin in a desperate bid to keep critics at bay as his financial world collapsed, a television station reported on Wednesday, says Reuters.

Independent Television News said journalists at the Daily Mirror newspaper had traced wires leading from a secret eavesdropping centre direct to Kevin's office at Mirror Group newspaper headquarters.

Journalists on the tabloid said details of the discovery would be published in Thursday's edition.

The Mirror has led the British media's exposure of Czech-born Maxwell in the month since he mysteriously died at sea, dumping his past depiction of the rags-to-riches publisher as a saviour to brand him a swindler.

Kevin, 32, told the Daily Mirror on Wednesday he could understand why people called his father a crook.

"I have to say myself that, given the sequence of events and looking at the whole picture, that a lot of it is fair comment. But that doesn't stop me from feeling hurt," he said.



British Airways recently gave away prizes to the winners of Travel Agents North Atlantic Competition. The competition was held in partnership with Rango Ltd. The prizes included Rango products, Suzuki motorcycles, Sony colour TV and Sony radio recorders. Picture: A Ali and Ghazi Salahuddin of British Airways with the winners.

Bush to tap market in Asia

WASHINGTON, Dec 12: President Bush said on Wednesday he intends to use his upcoming trip to Asia to expand overseas markets for American goods in a bid to pump new life into a sluggish US economy, reports Reuters.

"In today's world, American lives and American jobs, our prosperity, our security depend on our ability to compete and to lead," Bush said at a fund raising luncheon for a Republican Congressional candidate.

Discussing his trip to Japan and other Asian countries, Bush said, "We are determined to go there... to help open up new markets for American products and create new opportunities for American workers."

"The answer isn't to turn inward," Bush said "It is to extend our opportunities outward."

Bush, who has been criticised by Democrats for spending too much time on international affairs, went out of his way to defend the trip as playing a key role in his domestic strategy.

"With a sluggish economy, we will continue to do all we can to reach out and expand our overseas markets," Bush told several hundred persons attending the fund raiser for Sen Frank Murkowski, a Republican from Alaska.

The trip to Asia and Australia, originally scheduled for last month, has been rescheduled for Dec. 30 through Jan. 10. Bush's schedule also includes stops in South Korea and Singapore.

Bush has seen his popularity erode as Democrats deliver a tide of criticism about his domestic policies and the economy as next year's campaign nears.

"We've sent up three different economic growth packages in the last three years, but I intend now to propose a new economic growth package to get this economy moving," Bush said of legislation submitted to Congress.

Recession but no inflation

Meanwhile, AP adds, while many analysts believe the US economy is inching dangerously close to a renewed recession, they say one encouraging development is an almost total absence of inflationary pressures.

These analysts said the good news on inflation will give the Federal Reserve, which already has cut interest rates 14 times since the recession began in July 1990, room to reduce rates further if economic reports continue to show widespread weakness.

Meanwhile, President

Bush's top economic advisers prepared to face more questioning from Congress on what types of proposals Bush was considering putting in his State of the Union message to bolster the sluggish economy.

Economists both in and out of government awaited a new batch of information on the economy's health Thursday.

The Labour Department was providing an early look at price pressures in November with release of the Producer Price Index, which tracks inflation before it gets to the consumer.

In addition, the Commerce Department was to release a report on the performance of retail sales last month, while the government also was providing data on how many people filed for unemployment benefits, in the week ended November 30.

Analysts said retail sales probably would post a gain, but that the increase would be so tiny that it would not change their view that consumer spending, which accounts for two-thirds of total economic activity, is going nowhere.

The one report expected to provide a glimmer of hope was the wholesale price report, which analysts believed would show moderating price pressures following an unexpectedly sharp 0.7 per cent jump in October.

Al Baraka Board ratifies Shakoor's appointment

The Board of Director, Al Baraka Bank Bangladesh Limited, in a meeting on Sunday at Jeddah has ratified the appointment of Dr. SA Shakoor as the new Executive



SA Shakoor

President (chief executive) of the bank, according to bank sources.

A veteran career banker Dr. Shakoor has completed 35 years service in banking profession in various capacities since his joining the Lloyds Bank Ltd in January, 1957, which was later merged with Grindlays Bank PLC. During the tenure of his career he held senior positions in different banks and also worked as General Manager in Janata Bank, Bangladesh Krishi Bank & Sonali Bank. He joined United Commercial Bank Ltd and was appointed as the President and Managing Director of the bank in March, 1987.

He was conferred Ph. D by Rajshahi University recently on his thesis "Evaluation of the Nationalised Commercial Banks in Bangladesh— a Comparative Study."



Mrs Lily Akhter of F&B Kitchen Department, Sonargaon Hotel, the best employee for the month of November 1991, with Andrew J McBurnie, General Manager of the hotel.

Japanese face hard times?

TOKYO, Dec 12: After years of unprecedented economic growth, two gloomy words are once again making an unwelcome return to the Japanese vocabulary: "fu ketti," or "hard times."

Shopkeeper, restaurant owners, stock market investors and private economists all are talking about the bust they're convinced is hitting this country after almost five straight years of boom, even though government officials claim otherwise.

In fact, the economy is still expanding, although at a slower pace, and has been for about 60 straight months.

"What's there to be grim about?" says Adrian Tschogl, chief economist at SBCI Securities (Asia) Ltd.

Tschogl likens the anxiety to a hangover after the years of revelling in the economic boom.

"People thought the party would go on forever, but of course it can't. Now it's the morning after, and things are getting back to normal," Tschogl said.

But the sense of gloom persists. The Nikkei Stock Average, the Tokyo Stock Exchange's key barometer, has fallen 1,166.54 points in the last five straight trading days, including almost 400 points

Tuesday after a central bank survey showed pessimism among Japanese corporate leaders.

"This is the worst cycle of the market," said Mike Kawakami, a senior trader with Merrill Lynch. "There's no good news, economic fundamentals don't look good and earnings are bad."

The central bank survey also showed that major manufacturers have revised their forecasts for pretax profits for fiscal 1991, which ends next March 31, sharply downward to show a 12.9 per cent decline from the year earlier. Non-manufacturers anticipated a 1.5 per cent decline in pretax profits.

Officials at the central bank insist that most indicators, including key capital spending plans and liquidity, show the economy remains firm.

But many private economists believe otherwise.

Nomura Research Institute, the private research company affiliated with top brokerage Nomura Securities Co., forecast Tuesday that corporate capital investment would slow to 3.4 per cent in the current fiscal year from 17.6 per cent growth in fiscal 1990, and fall almost six per cent in fiscal 1992.

Lagging profitability and

demand are signs that stagflation — combined inflation, a decline in business activity and unemployment — are on the way, says Johnsen Takahashi, director of the private think tank Mitsubishi Research Institute.

"Much of the boom in consumption has been supported by the 'bubble,'" says Takahashi. "I think we can expect a long slump — 1992 will be no good — maybe about two years."

Almost everyone agrees that the days of the "bubble economy", when land and stock prices more than doubled and the newly rich gorged on luxury imports, are over.

Government economists say the slowdown results from policies aimed at cooling the overheated economy and restoring some rationality to Japan's outrageously inflated real estate and stock markets.

Government agencies expect economic growth in fiscal 1991 to still be at least 3.5 per cent, while private estimates average about 3 per cent.

A severe but easing labour shortage keeps the unemployment rate at just over two per cent, and inflation is at about 3.5 per cent.

Meanwhile, Japan announced Wednesday that its trade surplus for November

soared by 192.9 per cent to 6.56 billion dollar from 2.24 billion the year before.

The monthly surplus was mainly with the United States, which was up 0.8 per cent from a year ago to 3.59 billion dollar.

Japan's trade surpluses with the United States, the European Community, South Korea and Taiwan have been a growing source of friction in recent years.

The monthly report was released a day after the Ministry of International Trade and Industry predicted that Japan's overall trade surplus for fiscal 1991, which ends next March 31, is expected to total 100 billion dollar of 44 per cent more than the government's original projection of 56 billion dollar.

Trade officials said the prediction means that the general decline in Japan's trade surplus since its peak of 101.6 billion dollar for 1986 may be changing. Last year, the surplus totalled 69.9 billion dollar.

The Finance Ministry report Wednesday said Japan's exports in November totalled 27.06 billion dollar up 5.1 per cent over a year earlier, helped by strong exports of automobiles, telecommunications equipment and semiconductors.

Japan's imports fell 12.7 per cent from a year ago to 20.51 billion dollar, the third substantial monthly drop in a row. The ministry said one big factor for the decline was that imports of crude oil and other petroleum products shrank considerably in volume and value from the year-earlier levels, when the Gulf crisis boosted such imports and also, their value.

Gold mine discovered in India

NEW DELHI, Dec 12: State-owned Mineral Exploration Corp Ltd (MECL) has discovered a reserve of 460,000 tonnes of gold ore in southern India, the government said, reports Reuters.

A government statement said the goldfield was in the Wondal area of Raichur district in Karnataka state. It did not say how much gold could be recovered from the ore.

India's gold output is estimated at two tonnes a year. The statement said MECL also found 3.95 million tonnes of copper ore, 3.41 mln tonnes of tungsten and more than 555 mln tonnes of coal in the Wondal area.

No further details were available.



SHARPENING EXPORTING SKILLS: Australia helps overseas countries to enhance their export campaigns. Twenty-one trade officials, most from the Asia/Pacific region, took part in a trade development seminar at the International Trade Development Centre in Melbourne from December 2-13. Countries represented are Bangladesh, Egypt, India, Iran, Laos, Nepal, Pakistan, Papua New Guinea and Vietnam.

Picture: From left, Mr Colin Elliott, ITDC Director; Mr Hasan Mahmood Delwar, Senior Assistant Secretary with the Bangladesh Ministry of Commerce; Miss Parveen Maqsood, Information Officer with the Bangladesh Export Promotion Bureau and Mr Rom Baczynski, Project Officer for the Market Advisory Service of the Department of Foreign Affairs and Trade.

TOKYO, Dec 12: An influx of unskilled foreign workers into factories around Tokyo has touched off panicky rumours that they are committing rapes, robberies and other crimes, officials say, reports AP.

Almost all the rumours have proved false, the National Police Agency said Wednesday, but some Japanese are worried about rising xenophobia as the nation reluctantly opens its doors to much-needed foreign labour.

"This is an issue that the nation must begin to face squarely if the 'internationalization' and the greater role in the world community that we hear so much about are to have any meaning at all," the English-language Japan Times said in a

recent editorial.

The anxieties over foreign labour haven't generated anything like the violent backlash seen recently in Germany. But fear of foreigners is deeply ingrained in Japan, where crime rates are low and government officials sometimes boast of the nation's racial homogeneity.

In some of the factory towns affected by the rumours, mothers are keeping their children at home after dark, officials said. One manufacturer distributed a flyer to employee families to watch out for foreigners, Kyodo News Service reported.

Ironically, many of the rumours have originated in Mooka, a town about 90 kilometers north of Tokyo where most of the foreign workers are Brazilians and Peruvians of Japanese ancestry.

Since last year, the government's "pure blood" policy has allowed unskilled foreign workers to enter Japan's labour market if they are ethnic Japanese.

Japan is suffering from an acute labour shortage, and its high wages have attracted thousands of Asians and other foreigners to service, construction and factory jobs here, despite tight restrictions on

working visas. Often they come on tourist visas and stay illegally.

In Mooka, more than a dozen rumours characterizing foreign workers as assailants have been spreading among local residents since October, said city spokesman Tokuji Kondo.

He said the stories have emerged "simply because of the Japanese prejudice against foreign workers."

Among the rumours, all of which proved unfounded, were:

A 50-year-old woman in a neighbouring town has been suffering from mental depres-

sion since she was attacked by a foreigner;

A couple in their 40s were attacked by a group of five foreigners. The husband ran away after the struggle, while his wife was raped. She then killed herself; And

An elderly woman committed suicide after being raped by a foreigner.

In the last few years, the number of unskilled foreign workers in Mooka, which has about 55 factories, including auto parts and aluminum manufacturers, has dramatically increased, Kondo said.

Of Mooka's population of

60,000, at least 3,000, or five per cent, are foreign workers, he said.

Kondo said Mooka is to distribute 22,000 newsletters later this week to call for more understanding among citizens about foreign workers.

Similar rumours in other areas have also turned out to be groundless, a National Police Agency official said, speaking on condition of anonymity.

In the small fishing town of Hasaki, 100 kilometers west of Tokyo, officials have received frequent phone calls from worried parents asking about

the rumours.

"If we mishandle this, it could be a racial issue," a town official anonymously said. "Hasaki is a small conservative town, where people are not used to seeing foreigners."

"But those people (foreigners) actually walk around and make noises late at night, which nobody here thinks is normal," the official added.

The National Police Agency said the number of crimes by foreigners in Japan hit an all-time high of 4,814 cases — 3,227 cases of which are theft — in the first nine months of this year.

But the number of foreigners also has hit record highs.

So far, the government's "pure blood" policy has attracted nearly 130,000 ethnic Japanese from Brazil, where many Japanese settled earlier this century, and much smaller numbers of people from other countries including Peru.

However, even the newcomers from Brazil and Peru are discovering that despite their Japanese ancestry, they face discrimination because their language and customs are foreign in a society that honours conformity.

Similar rumours in other areas have also turned out to be groundless, a National Police Agency official said, speaking on condition of anonymity.

Rumours rife against foreign workers in Japan