

BRIEFS

NAFTA to improve Canada's trade

OTTAWA, Aug 13: The free-trade agreement linking the United States, Canada and Mexico is a clear improvement over Canada's present free-trade agreement with the United States.

Mexico to gain most from NAFTA

MEXICO CITY, Aug 13: Mexico stands to gain the most from a proposed free-trade pact announced Wednesday with the United States and Canada, economists said.

NAFTA poses threat to Caribbean

GEORGETOWN, Guyana, Aug 13: A proposed free-trade agreement among Mexico, the United States and Canada would drain investment away from the Caribbean, the head of the region's largest trade group said Wednesday.

Japan welcomes NAFTA

TOKYO, Aug 13: Japan welcomed the North American Free Trade Agreement (NAFTA) concluded by the United States, Canada and Mexico, the foreign ministry said in a statement Wednesday.

Lankan budget under pressure

COLOMBO, Aug 13: Sri Lanka's budget is under pressure from rising defence spending, refugee care and politically-motivated welfare programmes, a senior government official said.

Rao agrees to review share sale policy of state firms

NEW DELHI, Aug 13: Indian Prime Minister P V Narasimha Rao on Wednesday accepted opposition demands to review a policy on selling shares in state-owned enterprises, reports Reuters.

Opposition members said the government had under-estimated some 30 billion rupee one billion dollar worth of shares from 29 Public Sector Enterprises (PSEs) which it sold to banks and mutual funds as part of privatisation plans.

They said the cheap shares had contributed to the scandal under investigation by federal police and a 30-member parliamentary committee.

Socialist parliamentarian George Fernandes alleged that the shares deal had been approved by a government committee in which V Krishnamurthy, a scandal suspect, was a member.

The shares were fixed by

the committee which connived with brokers for a deal to keep the prices low," he said. Krishnamurthy and his son were arrested last week for an alleged connection with stockbroker Harshad Mehta, a key suspect in the scandal.

Police said the two illegally accepted huge amounts of money from Mehta.

Krishnamurthy was earlier fired from India's high-powered planning commission for his links with a private investments company being investigated in the scandal.

"Officers with no experience in the sale of shares have played havoc," said senior parliamentarian Atal Behari Vajpayee. "There should be no hesitation for the government to tacked the experts' advice before further transactions."

Rao accepted the proposal, saying the government would review the whole procedure.

Former Prime Minister

Vishwanath Pratap Singh said the government should suspend all shares transactions until the parliamentary committee of inquiry gives its verdict, due by December.

Parliament deputies have said the scandal investigations are a setback to the government's privatisation plans.

Rao, piloting moves to transform the moribund socialist economy into a vibrant free market system, has allowed up to 49 per cent divestment by loss-making state enterprises.

A government committee has identified 244 companies as fit for divestment and restructuring. Of these, 54, are chronic money-losers and the rest are making small profits.

Opposition members as well as some deputies of the ruling Congress Party have opposed the privatisation move, saying it could put millions of people out of work.

BCCI liquidators begin talks with creditors

LONDON, Aug 13: Liquidators of the disgraced Bank of Credit and Commerce International (BCCI, CN) said they have begun consultation with the Bank's 50,000 worldwide creditors on a controversial compensation package, reports Reuters.

Joint liquidators of the Luxembourg-based BCCI said they were sending out forms to those who lost money when regulators shut down the bank in July 1991 on allegations of massive fraud.

A Luxembourg court last month ordered liquidators, lawyers George S Baden and Julian Roden, and Brian Smouha of accountants Touche

Ross, to gather creditors views on the compensation plan. Some creditors say the plan is inadequate.

The compensation proposals, backed by BCCI's Abu Dhabi majority shareholders and Touche Ross, include a 1.7 billion dollar cash contribution from the emirate.

The plan offers an estimated 30-40 per cent repayment to creditors worldwide. The Luxembourg court withheld approval for the plan and said creditors should have a chance to vote on its before it ruled.

A judgement is due on October 7. The document being sent

out summaries the pooling of assets of BCCI and BCCI overseas and Abu Dhabi's cash injection—two key elements of the compensation plan.

Creditors are being asked to vote for or against the plan or abstain, and return the forms by October 1.

Some creditors' objections, including a call for Abu Dhabi's contribution to rise to four billion dollar, are set out in the document.

The liquidators warn that rejection of the terms would not lead to the majority shareholders renegotiating the terms.

'Mall of America' opens

BLOOMINGTON, Aug 13: The Mall of America threw its doors open early Tuesday and let cheering "mall junkies" in for their first taste of the largest US shopping-entertainment center, writes AP.

"The smaller malls are getting boring. This is exactly what we've been waiting for," said Eileen Brandel, 15, of Rosemount. She and five friends arrived at the main entrance around 6 am hoping it would open early.

The girls were not disappointed: The mall was not scheduled to open until 10am but instead officials opened the doors 40 minutes early. When security guards announced the decision, around 500 people at the main entrance began a countdown, then burst into cheers when the doors opened.

The 625 million dollar Mall of America in this Minneapolis-St Paul suburb includes a miniature golf course, amusement park rides and a nightclub, as well as stores.

At 4.2 million square feet (378,000 square metres), it is billed as the world's second-largest shopping mall, behind the West Edmonton Mall in Alberta, Canada. It replaces the Del Amo of Torrance, Calif, as the United States' largest mall.

"We were on vacation in northern Wisconsin and decided to cut it a little short to come here," Karen Mathison, 34, said as her husband kept their two toddler sons occupied during the wait for the opening.

Mathison said the family was anxious to see Camp Snoopy, the mall's amusement park, but she said she also expected to do some serious shopping here—now and in the future—even though the mall is about 200 miles (320 kilometers) from her Cedar Rapids, Iowa, home.

The mall also threw open its doors Monday evening, but only to VIPs and regulars willing to cough up 75 dollar for a ticket. Proceeds will benefit four charities.

Ray Charles sang "America the Beautiful" and the Galtin Brothers and gospel singer Sandi Patti also performed. Delicacies such as caviar, creme fraiche on toast and chilled salmon were served, and the rides and games were open.

"I remember when I first came down here and a lot of people wondered whether it was a joke," said its developer, Nader Ghermezian. "But you see what has happened."

First board meeting of Eastern Bank Ltd held

The first meeting of the Board of Directors of Eastern Bank Limited, registered on August 8, was held at its Head Office at Dhaka on August 13. The meeting was presided over by Nurul Hussain Khan, Chairman of the Board, and former Chairman of Internal Resources Division, Government of Bangladesh, says a press release.

The Board considered a number of issues and took decisions thereon in connection with the formal inauguration and commencement of banking business of Eastern Bank Ltd and its branches on August 16. Prime Minister Khaleda Zia will be present on the occasion as the Chief Guest and inaugurate the Bank. Finance Minister Md Saifur Rahman will be the Special Guest.

Stocks close lower in New York

NEW YORK, Aug 13: Stock prices closed lower Wednesday despite positive news about inflation and the announcement of a new US free trade agreement with Canada and Mexico, reports AP.

Shipping Intelligence

Table with columns: Berth No, Name of Vessel, Cargo, L Port, Local Agent, Date of Leaving, Date of Arrival. Title: CHITTAGONG PORT. Subtitle: Berth Position and Performance of Vessels as on: 13/08/1992.

VESSELS DUE AT OUTER ANCHORAGE:

Table with columns: Name of Vessels, Date of Arrival, Last Port, Local Agent, Cargo, Loading Port.

VESSELS AT KUTUBDIA

Table with columns: Name of Vessels, Cargo, Last Port, Local Agent, Date of Arrival.

VESSELS NOT READY

Table with columns: Name of Vessels, Cargo, Last Port, Local Agent, Date of Arrival.

VESSELS AWAITING INSTRUCTION

Table with columns: Name of Vessels, Cargo, Last Port, Local Agent, Date of Arrival.

VESSELS NOT ENTERING:

Table with columns: Name of Vessels, Cargo, Last Port, Local Agent, Date of Arrival.

The above were the Thursday's shipping position and performance of vessels of Chittagong Port as per berthing sheet of CPA supplied by HRC Group, Dhaka.

Price Index

Table with columns: Category, Price Index. Includes Essentials, Hides & Skin, Gold & Silver.

Exchange Rates

Table with columns: Currency, Selling, Buying. Includes US Dollar, Poundsterling, etc.

Dhaka Stock Prices

At the close of trading on August 13, 1992. Star Economic Report. Sharp fall! Business sharply fell at Dhaka Stock Exchange (DSE) on Thursday. Both the turnovers suffered sharp decline against Wednesday's finish.

Table with columns: DSE All share Price Index, Market Capitalisation (Tk), Turnover in Value (Tk), Turnover (In volume).

THE DAY'S TRADING AT A GLANCE

Table with columns: Company, FV/ML, Previous day's price, Closing price, Change (absolute), Change (% over previous price).

Traded at previous rates (08)

Shares: 3rd ICB M Fund, 4th ICB M Fund, Eastern Cables, Frogles Export, Beximco Pharma, The Ibsnsia, Arbee Textile, Debuture, Beximco Pharma.

DSE SHARES AND DEBENTURES

Large table listing various companies and their stock prices, including Jute Spinner, Mutual Jute, National Bank, etc.

Free trade pact may cost US jobs, lower prices, say economists

WASHINGTON, Aug 13: The North American free-trade pact announced Wednesday could cost some US workers their jobs while shifting investment to Mexico and lowering prices on some goods, economists predicted, reports AP.

While there was no consensus over whether a North American Free Trade Agreement (NAFTA) will add or subtract jobs from the US economy, the economists agreed that initially it will mean dislocation for some workers.

That's because some industries will relocate to Mexico in search of cheaper labour and also due to decreased US competitiveness in areas where Mexico can produce items at lower cost.

The trade pact, which was concluded Wednesday, isn't expected to take effect before 1994 — provided it survives what's expected to be a difficult battle in Congress.

"In the short run, we are going to lose some jobs in some industries and gain some jobs in other industries," said David Wyss, Chief Financial Economist for DRI/McGraw-Hill, the largest US economic forecasting firm.

But in the long term, the United States stands to gain hundreds of thousands of jobs as Mexico's economy improves and its buying power surges, said Gary Hufbauer, a trade expert with the Institute for International Economics in Washington.

Wyss and others predicted that American industries in line to benefit most from a trade agreement are financial service providers; producers of capital goods ranging from construction equipment to machine tools; auto parts manufacturers; and the trucking industry.

Losers could be the automobile assembly industry; the textile, apparel and steel industries; and some agribusiness sectors, said Mark Zandi, an economist with Regional Financial Associates in West Chester, Pa.

Regardless of the industry affected, however, it appears blue-collar workers will bear the brunt of job shifts to Mexico, the analysts said.

But, Zandi said, "Those workers were in jeopardy anyway because of foreign competition and the exodus of American business to low-wage countries."

The key, Zandi and others

said, is for the federal government to provide adequate retraining programmes to help the displaced workers find jobs in other areas.

American consumers may notice cheaper prices on less-expensive clothing and fruits and vegetables, Zandi said. "It will put pressure on domestic producers to keep prices down too," he said. "I think for consumers it's a field day."

But Thea Lee, an economist with the Economic Policy Institute in Washington, said that would be little comfort to those who lose their jobs.

"If you take away people's jobs, it doesn't do them much good when they go to the supermarket and see tomatoes are one per cent cheaper than they were a year ago," Ms Lee said.

And Hufbauer predicted a trade pact's effect on consumers will be negligible, largely because tariffs will be gradually phased out over a period of years — in some cases up to 15 years.

Billions of dollar in foreign investments have poured into Mexico since economic relations began there in the mid-1980s. That investment flow is expected to continue as manufacturers open plants in

Mexico to take advantage of lower worker costs, the economists said.

Organised labour, which has criticized the trade talks since they began 14 months ago, not surprisingly increased their attacks.

"The treaty will send the unemployment rate in the United States soaring to an all-time high and will turn industrial communities into ghost towns by sending good-paying jobs to Mexico," said AFL-CIO Vice President William H Bywater.

Said Morton Baher, President of the Communication Workers of America: "Three cheers for George Bush — he keeps finding ways to make a bad situation in the American economy even worse."

However, said Wyss, "You read some of the literature from the unions and you think Mexico is going to be producing every product used in the United States."

"The Mexican industry doesn't have the excess capacity to start supplying the US market," he said. "We are not going to wipe out the Florida citrus industry. We are going to buy more citrus fruit from Mexico."